

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Proposal or this Scheme Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or otherwise transferred all your shares in CM Hi-Tech Cleanroom Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This Scheme Document should be read in conjunction with the accompanying forms of proxy, the contents of which form part of the terms and conditions of the Proposal and the Scheme. This Scheme Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

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The Proposal or the Scheme are being made for the securities of an exempted company incorporated in the Cayman Islands with limited liability and are subject to Hong Kong disclosure and other procedural requirements, which are different from those of the U.S. The financial information included in this Scheme Document has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the U.S..


MayAir HK Holdings Limited
(Incorporated in Hong Kong with limited liability)

CM Hi-Tech Cleanroom Limited
捷芯隆高科潔淨系統有限公司
(Incorporated in the Cayman Islands with members' limited liability)
(Stock Code: 2115)

**(1) PROPOSAL FOR THE PRIVATISATION OF
CM HI-TECH CLEANROOM LIMITED
BY MAYAIR HK HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)
(2) PROPOSED WITHDRAWAL OF LISTING OF
CM HI-TECH CLEANROOM LIMITED
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

Joint Financial Advisers to the Offeror



ALTUS CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee



Capitalised terms used hereunder shall have the same meanings as defined in this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Shareholders in relation to the Proposal, the Scheme, and the Rollover Arrangement is set out in Part V of this Scheme Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Proposal, the Scheme, and the Rollover Arrangement is set out in Part VI of this Scheme Document. The Explanatory Memorandum is set out in Part VII of this Scheme Document. The actions to be taken by the Shareholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting and the EGM to be held at Unit 1501-1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong on Thursday, 12 December 2024 at 9:15 a.m. and 9:45 a.m. (or, if later, as soon thereafter as the Court Meeting shall have been concluded or been adjourned) respectively are set out in Appendix IV and Appendix V of this Scheme Document respectively. Whether or not you are able to attend any of the Meetings or any adjournment(s) or postponement(s) thereof in person, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting and the enclosed **WHITE** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to deposit them at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the respective times and dates stated under Part II — Actions to be Taken of this Scheme Document. If the **PINK** form of proxy is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it. If the **WHITE** form of proxy is not so lodged at least 48 hours before the time appointed for the EGM, it will not be valid.

This Scheme Document is jointly issued by the Company and the Offeror.

The English language text of this Scheme Document shall prevail over the Chinese language text.

19 November 2024

NOTICE TO OVERSEAS SCHEME SHAREHOLDERS

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory or tax requirements of their jurisdictions and, where necessary, seek their own legal advice. It is the responsibility of the overseas Scheme Shareholders who wish to take any action in relation to the Proposal and/or the Scheme to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with any such action, including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with any other necessary formality and the payment of any issue, transfer or other tax in any relevant jurisdiction.

Any actions taken by such overseas Scheme Shareholders in respect of the Proposal will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisors, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisors.

If you are an overseas Scheme Shareholder, your attention is drawn to the section headed “19. Overseas Shareholders” in Part VII — Explanatory Memorandum of this Scheme Document.

NOTICE TO US INVESTORS

The Proposal is being made to cancel the securities of a company incorporated in the Cayman Islands by means of a scheme of arrangement provided for under the laws of the Cayman Islands and is subject to Hong Kong disclosure requirements which are different from those of the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the US federal securities laws.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of his Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him/her/it.

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It may be difficult for US holders of Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved the Proposal or the Scheme, or determined if this Scheme Document is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

This Scheme Document is not intended to, and does not, constitute, or form part of, an offer or invitation to purchase or subscribe for any securities of the Company in the United States.

Financial information disclosed in respect of the Proposal and the Scheme has been or will have been prepared in accordance with non-U.S. accounting standards that may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained in this Scheme Document are historical in nature and past performance is not a guarantee of the future results of the Group.

This Scheme Document may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Offeror's, the Company's or their respective affiliates' intentions, beliefs or current expectations. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those made in or suggested by the forward-looking statements contained in this Scheme Document, and may not be indicative of results or developments in subsequent periods. The forward-looking statements and information contained in this Scheme Document are made as of the date hereof and each of the Offeror and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Takeovers Code.

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In this Scheme Document, the following words and expressions shall have the following meanings unless the context otherwise requires:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“AIC Confirmation”	the acting in concert confirmation dated 13 August 2019 and executed by Mr. Ng, Mr. Chin, Mr. Law and the Other Founding Shareholders
“Altus”	Altus Capital Limited, one of the joint financial advisers to the Offeror in connection with the Proposal. Altus is a licensed corporation under the SFO, licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Announcement”	the announcement dated 14 October 2024 (as supplemented by the clarification announcement dated 17 October 2024) jointly issued by the Company and the Offeror in relation to, among other things, the Proposal
“Announcement Date”	14 October 2024, being the date of the Announcement
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Beneficial Owner”	any beneficial owner of the Shares whose Shares are registered in the name of a Registered Owner
“Branch Share Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office
“Board”	the board of Directors
“Cancellation Price”	the cancellation price of HK\$0.25 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant(s)”	a person admitted for the time being by HKSCC as a participant of CCASS, including an Investor Participant

“CMBC”	CMBC International Capital Limited, one of the joint financial advisers to the Offeror in connection with the Proposal. CMBC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Companies Act”	the Companies Act (As Revised) of the Cayman Islands
“Company”	CM Hi-Tech Cleanroom Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2115)
“Condition(s)”	the condition(s) to the implementation of the Proposal as set out in the section headed “4. Conditions of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document
“Court Hearing”	the hearing of the petition by the Grand Court for the sanction of the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court to be held at 9:15 a.m. Hong Kong time on Thursday, 12 December 2024 at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong for the purpose of considering and, if thought fit, approving the Scheme and any adjournment or postponement thereof
“Deed of Indemnity”	the deed of indemnity dated 14 October 2024 executed by the Rollover Shareholders in favour of the Offeror, the key terms of which are described in the section headed “6. Arrangements Material to the Proposal — Special deal relating to the Rollover Arrangement — (iii) The Deed of Indemnity” in Part VII — Explanatory Memorandum of this Scheme Document
“Director(s)”	the director(s) of the Company
“Disinterested Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties and those who are interested in or involved in the Rollover Arrangement
“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with the Companies Act and the Conditions

“EGM”	an extraordinary general meeting of the Company to be convened and held in accordance with the Company’s memorandum and articles of association at 9:45 a.m. on Thursday, 12 December 2024 (or, if later, immediately after the Court Meeting has been concluded or adjourned) at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong, to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal and the Rollover Arrangement, or any adjournment or postponement thereof
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of the Scheme Document
“Grand Court”	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom
“Group”	the Company and its subsidiaries
“Hang Seng Index”	the Hang Seng Index published by Hang Seng Indexes Company Limited or any successor company or organisation
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Implementation Agreement”	the agreement entered into between the Offeror and the Company on 14 October 2024 pursuant to which the parties have agreed to pursue the Proposal, the key terms of which are further described in the section headed “6. Arrangements Material to the Proposal — Implementation Agreement” in Part VII — Explanatory Memorandum of this Scheme Document

“Independent Board Committee”	the independent board committee of the Company, which comprises all the independent non-executive Directors, namely, Mr. Ng Seng Leong, Mr. Martin Giles Manen and Mr. Wu Chun Sing, established by the Board to make a recommendation to the Disinterested Shareholders in respect of the Proposal, the Scheme and the Rollover Arrangement
“Independent Financial Adviser” or “Quam”	Quam Capital Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Board with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement
“Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“Last Trading Day”	8 October 2024, being the last trading day prior to the trading halt of the Company at 1:00 p.m. pending the issue of the Announcement
“Latest Practicable Date”	15 November 2024, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 February 2025, or such other date as the Company and the Offeror may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive
“MayAir Group”	MayAir Technology and its subsidiaries
“MayAir Technology”	MayAir Technology (China) Co., Ltd. (美埃(中國)環境科技股份有限公司) (stock code: 688376.sh), the shares of which are listed on the Shanghai Stock Exchange STAR Market since 18 November 2022
“Meeting(s)”	the Court Meeting and the EGM or either of them, as the case may be

“Meeting Record Date”	12 December 2024, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM
“Mr. Chin”	Mr. Chin Sze Kee, an executive Director
“Mr. Law”	Mr. Law Eng Hock, an executive Director
“Mr. Luah”	Mr. Luah Kok Lam, the General Manager (Overseas Operations)
“Mr. Ng”	Mr. Ng Yew Sum, an executive Director
“Offer Period”	the period from the Announcement Date (i.e. 14 October 2024) until the earliest of any of (i) the Effective Date; (ii) the date on which the Scheme lapses; or (iii) the date on which an announcement is made of the withdrawal of the Scheme
“Offeror”	MayAir HK Holdings Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by MayAir Technology
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including the Rollover Shareholders and the Other Founding Shareholders
“Other Founding Shareholders”	Mr. Francis Chia Mong Tet, Mr. Lim Kai Seng, Mr. Chang Chin Sia, Mr. Ng Boon Hock, Ms. Yap Chui Fan, Mr. Loh Wei Loon and Mr. Phang Chee Kin
“Other CCASS Participant(s)”	a person admitted for the time being by HKSCC as a participant of CCASS other than an Investor Participant
“PRC”	the People’s Republic of China, but for the purpose of this Scheme Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Pre-Conditions”	the pre-conditions to the making of the Proposal, as set out under the section headed “3. Pre-Conditions to the making of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document

“Pre-Conditions Long Stop Date”	13 December 2024, the date that falls on the 60th day after the Announcement Date
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of listing of the Shares on the Stock Exchange, on the terms and subject to the Conditions set out in this Scheme Document
“Registered Owner”	any owner of Shares (including, without limitation, a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company
“Registrar of Companies”	the Registrar of Companies (including any deputy registrar or associate registrar or similar) appointed under the Companies Act in the Cayman Islands
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Period”	the period commencing on 14 April 2024, being that date that falls six months prior to the Announcement Date, and ending on the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Rollover Agreement”	the rollover agreement entered into between the Offeror and the Rollover Shareholders on 14 October 2024, the key terms of which are described in the section headed “6. Arrangements Material to the Proposal — Special deal relating to the Rollover Arrangement — (i) The Rollover Agreement” in Part VII — Explanatory Memorandum of this Scheme Document
“Rollover Arrangement”	the arrangements between the Offeror and the Rollover Shareholders comprising (i) the Rollover Agreement; (ii) the Share Swap Agreement; (iii) the Deed of Indemnity; and (iv) the Shareholders’ Agreement
“Rollover Share(s)”	the 442,526,550 existing Shares (representing approximately 31.61% of the issued share capital of the Company as at the Latest Practicable Date) held by the Rollover Shareholders
“Rollover Shareholders”	Mr. Ng, Mr. Law, Mr. Chin and Mr. Luah

“Scheme”	the scheme of arrangement under Section 86 of the Companies Act as set out in Appendix III to this Scheme Document, with or subject to any modification, addition or condition as may be approved or imposed by the Grand Court or agreed between the Company and the Offeror, involving the cancellation of all the Scheme Shares and the maintenance of the share capital of the Company at the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	this composite scheme document of the Company and the Offeror issued to all Shareholders containing, inter alia, further details of the Proposal, a letter from the Board, a letter of advice from the Independent Financial Adviser, the recommendations of the Independent Board Committee, notices to convene the Court Meeting and the EGM together with forms of proxy in relation thereto
“Scheme Record Date”	6 January 2025, being the Effective Date, or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	all of the Shares in issue and any further Shares as may be issued prior to the Scheme Record Date, other than those held by the Rollover Shareholders
“Scheme Shareholder(s)”	registered holder(s) of Scheme Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Share(s)

“Shareholders’ Agreement”	the shareholders’ agreement dated 14 October 2024 entered into among MayAir Technology, the Rollover Shareholders and the Offeror in respect of the governance of the Offeror, which will take effect on the Effective Date, the key terms of which are described in the section headed “6. Arrangements Material to the Proposal — Special deal relating to the Rollover Arrangement — (iv) The Shareholders’ Agreement” in Part VII — Explanatory Memorandum of this Scheme Document
“Share Option(s)”	the post-IPO share option scheme adopted by Shareholders’ resolutions on 3 September 2020, pursuant to which no options to subscribe for Shares are outstanding as at the Latest Practicable Date
“Share Swap Agreement”	the share swap agreement dated 14 October 2024 entered into between the Offeror and the Rollover Shareholders to implement the transfer of the Rollover Shares to the Offeror in consideration for the allotment and issuance of new shares issued by the Offeror after the Effective Date, the key terms of which are described in the section headed “6. Arrangements Material to the Proposal — Special deal relating to the Rollover Arrangement — (ii) The Share Swap Agreement” in Part VII — Explanatory Memorandum of this Scheme Document
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“United States” or “US”	The United States of America, its territories and possessions, any State of the United States and the District of Columbia
“%”	per cent.

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.

All percentages stated in this Scheme Document are approximations and certain amounts and percentage figures included in this Scheme Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This Scheme Document and the accompanying forms of proxy are prepared in both English and Chinese. In the event of inconsistency, the English text of the aforementioned documents shall prevail.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 9 December 2024 to Thursday, 12 December 2024 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 6 December 2024 for registration of Shares in their own name. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting or the EGM.

A **PINK** form of proxy for use at the Court Meeting and a **WHITE** form of proxy for use at the EGM are enclosed with this Scheme Document.

Whether or not you are able to attend any of the Meetings or any adjournment(s) or postponement(s) thereof in person, if you are a Scheme Shareholder, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting, and if you are a Shareholder, you are strongly urged to complete and sign the enclosed **WHITE** form of proxy in respect of the EGM in accordance with the instructions printed thereon, and to deposit them at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the following times and dates in order to be valid:

- the **PINK** form of proxy for use at the Court Meeting must be lodged no later than 9:15 a.m. on Tuesday, 10 December 2024 but if it is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it); and
- the **WHITE** form of proxy for use at the EGM must be lodged no later than 9:45 a.m. on Tuesday, 10 December 2024, failing which it will not be valid.

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant Meeting. In such event, the returned form of proxy will be revoked by operation of law.

Voting at the Court Meeting and the EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and the EGM, if, among other things, the resolutions are passed by the requisite majorities of the Disinterested Shareholders or the Shareholders (as the case may be). You are therefore strongly urged to attend and vote at the Court Meeting and/or the EGM in person or by proxy.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM on Thursday, 12 December 2024 by no later than 7:00 p.m. (Hong Kong time). If all of the resolutions are passed at those Meetings, further announcement(s) will be made in relation to, among other things, the outcome of the Court Hearing and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange, in accordance with the requirements of the Takeovers Code and the Listing Rules.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST

The Company will not recognise any person as holding any Shares through any trust.

If you are a Beneficial Owner whose Share(s) are held upon trust by, and registered in the name of a Registered Owner (other than HKSCC Nominees), you should contact the Registered Owner and give instructions to and/or to make arrangements with the Registered Owner as to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the EGM.

If you are a Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the EGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM or, as applicable, the latest time for lodging transfers of Shares, in order to provide the Registered Owner with sufficient time to complete his/her forms of proxy or transfer documents accurately and to submit them by the relevant deadlines. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and/or the EGM, any such Beneficial Owner should comply with the requirements of such Registered Owner.

The appointment of a proxy by the Registered Owner at the relevant Court Meeting and/or the EGM shall be in accordance with all relevant provisions in the memorandum and articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and before the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE DEPOSITED IN CCASS

If you are a Beneficial Owner whose Share(s) are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are an Investor Participant:

- (a) contact your broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS Participant, regarding voting instructions to be given to such Other CCASS Participants if you wish to vote at the Court Meeting and/or at the EGM. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the EGM; or
- (b) become a Shareholder of record and thereby have the right to attend and vote at the Court Meeting and/or the EGM (as appropriate) by withdrawing any or all of your Share(s) from CCASS and becoming a Registered Owner of such Share(s). For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Share(s) are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Share(s) into your name so as to qualify to attend and vote at the Court Meeting and/or the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Share(s) from CCASS and register them in your name.

The procedures for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees shall be in accordance with the “Operating Guide for Investor Participants”, the “General Rules of HKSCC” and the “HKSCC Operational Procedures” in effect from time to time.

EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner, you are strongly encouraged to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or the EGM.

If you are a Registered Owner holding Share(s) on behalf of one or more Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote.

If you keep any Share(s) in a share lending programme, you are encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Share(s) are deposited in CCASS, you are strongly encouraged to provide your broker, custodian, nominee or other relevant person without delay with instructions or make arrangements with HKSCC Nominees in relation to the manner in which those Share(s) should be voted at the Court Meeting and/or at the EGM, and/or withdraw some or all of your Share(s) from CCASS and become a Registered Owner of such Shares and exercise your right to vote (in person or by proxy) at the Court Meeting and/or the EGM.

If the Scheme becomes effective, it will be binding on all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

PETITION HEARING IN THE GRAND COURT

SCHEME SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SCHEME SHARES WHO GAVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE WHICH SUBSEQUENTLY VOTED AT THE COURT MEETING) ARE ENTITLED BUT NOT OBLIGED TO ATTEND AND BE HEARD AT THE HEARING OF THE PETITION IN THE GRAND COURT TO SANCTION THE SCHEME WHICH IS EXPECTED TO BE ON WEDNESDAY, 18 DECEMBER 2024.

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. All references in this Scheme Document to times and dates are references to Hong Kong times and dates, other than references to the expected date of the Court Hearing and the Effective Date which are the relevant times and dates in the Cayman Islands. For reference only, Cayman Islands time is 13 hours behind Hong Kong time as at the date of this Scheme Document.

**Hong Kong time
(unless otherwise specified)**

Despatch of this Scheme Document	Tuesday, 19 November 2024
Latest time for lodging transfers of Shares in order to become entitled to attend and vote at the Court Meeting and the EGM	4:30 p.m. on Friday, 6 December 2024
Register of members of the Company closed for determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and entitlements of the Shareholders to attend and vote at the EGM (<i>Note 1</i>).....	Monday, 9 December 2024 to Thursday, 12 December 2024 (both days inclusive)
Latest time for lodging PINK forms of proxy in respect of Court Meeting (<i>Note 2</i>)	9:15 a.m. on Tuesday, 10 December 2024
Latest time for lodging WHITE forms of proxy in respect of EGM (<i>Note 2</i>).....	9:45 a.m. on Tuesday, 10 December 2024
Meeting Record Date	Thursday, 12 December 2024
Court Meeting (<i>Notes 3&8</i>).....	9:15 a.m. on Thursday, 12 December 2024
EGM (<i>Notes 3&8</i>).....	9:45 a.m. on Thursday, 12 December 2024 (or, if later, immediately after the conclusion or adjournment of the Court Meeting)
Announcement of the results of the Meetings	no later than 7:00 p.m. on Thursday, 12 December 2024

**Hong Kong time
(unless otherwise specified)**

Expected last time for trading in the Shares on the Stock Exchange	4:10 p.m. on Monday, 16 December 2024
Court Hearing.....	Wednesday, 18 December 2024 (Cayman Islands time)
Announcement of the results of the Court Hearing, the expected Effective Date, and the expected date of withdrawal of the listing of the Shares on the Stock Exchange	no later than 8:30 a.m. on Thursday, 19 December 2024
Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme	4:30 p.m. on Thursday, 19 December 2024
Register of members of the Company closed for determining entitlements of the Scheme Shareholders under the Scheme (<i>Note 4</i>).....	from Friday, 20 December 2024 onwards
Scheme Record Date	Monday, 6 January 2025
Effective Date (<i>Note 5</i>).....	Monday, 6 January 2025 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange	no later than 8:30 a.m. on Tuesday, 7 January 2025
Withdrawal of the listing of the Shares on the Stock Exchange becomes effective (<i>Note 6</i>).....	4:00 p.m. on Wednesday, 8 January 2025
Latest time for posting of remittances for the amounts due under the Scheme (<i>Notes 7&9</i>).....	on or before Wednesday, 15 January 2025

Notes:

1. The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM. This book closure period is not for determining the entitlements under the Scheme.
2. Forms of proxy should be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the respective times and dates stated above. In the case of the **PINK** form of proxy in respect of the Court Meeting, it may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). If the **WHITE** form of proxy is not lodged at least 48 hours before the time appointed for the EGM, it will not be valid. The completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a Shareholder from attending and voting at the relevant Meeting or any adjournment or postponement thereof in person. In such event, the relevant form of proxy will be revoked by operation of law.
3. The Court Meeting and the EGM will be held at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong at the times and dates specified above. Please refer to the notice of Court Meeting set out in Appendix IV of this Scheme Document and the notice of EGM set out in Appendix V of this Scheme Document for details.
4. The register of members of the Company will be closed as from such time and on such date for the purpose of determining the entitlements under the Scheme.
5. The Scheme will become effective upon the fulfilment or waiver (as applicable) of all of the Conditions to the Proposal as set out in the section headed "4. Conditions of the Proposal" in Part VII — Explanatory Memorandum of this Scheme Document.
6. If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 4:00 p.m. on Wednesday, 8 January 2025.
7. Cheques for cash entitlements to the Scheme Shareholders under the Scheme will be despatched by ordinary post at the risk of the recipients to their registered addresses shown in the register of members of the Company or, in the case of joint holders, to the registered address of that joint holder whose name first appears on the register of members of the Company in respect of the joint holding within seven business days (as defined in the Takeovers Code) of the Effective Date. All such cheques will be sent at the risk of the persons entitled thereto and none of the Offeror, the Company, Altus, CMBC, the Independent Financial Adviser and the share registrar of the Company and their respective nominees, directors, employees, officers, agents advisers, associates and affiliates and any other persons involved in the Proposal shall be liable for any loss or delay in despatch.
8. If a tropical cyclone warning signal No. 8 or above or "extreme conditions" caused by typhoons is hoisted or a black rainstorm warning signal is in force at any time after 8:00 a.m. (Hong Kong time) on the date of the Court Meeting and the EGM, the Court Meeting and the EGM will be adjourned or postponed in accordance with the articles of association of the Company. The Company will post an announcement on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at www.channelmicron.com to notify the Shareholders of the date, time and venue of the rescheduled meetings.
9. The latest date to despatch cheques for the payment of the Cancellation Price under the Scheme ("**Latest Date to Despatch**") will not take place or otherwise be affected if any severe weather condition is in force in Hong Kong:
 - (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the Latest Date to Despatch. Instead, the Latest Date to Despatch will be extended to 5:00 p.m. on the same business day (as defined in the Takeovers Code) (i.e. Wednesday, 15 January 2025); or

- (b) at any time at or between 12:00 noon and 4:00 p.m. on the Latest Date to Despatch. Instead, the Latest Date to Despatch will be rescheduled to 4:00 p.m. on the following business day (i.e. Thursday, 16 January 2025) which does not have any of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. (or another business day thereafter that does not have any severe weather condition at any time between 9:00 a.m. and 4:00 p.m.).

For the purpose of this Scheme Document, “severe weather” refers to the scenario where a tropical cyclone warning signal number 8 or above is hoisted, or “extreme conditions” caused by super typhoons or a black rainstorm warning is/are in force in Hong Kong. If the Latest Date to Despatch does not take place on Wednesday, 15 January 2025, the dates mentioned in the ‘Expected timetable’ section may be affected. The Company and the Offeror will notify shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

CM Hi-Tech Cleanroom Limited
捷芯隆高科潔淨系統有限公司

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 2115)

Executive Directors:

Mr. Ng Yew Sum (*Chairman*)
Mr. Chin Sze Kee
Mr. Law Eng Hock

Registered Office:

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

Independent Non-executive Directors:

Mr. Ng Seng Leong
Mr. Martin Giles Manen
Mr. Wu Chun Sing

Principal Place of Business in Hong Kong:

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

Company Secretary:

Ms. Chan Sze Ting

*Headquarters and Principal Place of
Business in Malaysia:*

Lot P.T. 14274, Jalan SU8
Persiaran Tengku Ampuan
40400 Shah Alam
Selangor Dural Ehsan, Malaysia

19 November 2024

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
CM HI-TECH CLEANROOM LIMITED
BY MAYAIR HK HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
CM HI-TECH CLEANROOM LIMITED**

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

INTRODUCTION

On 14 October 2024, the Offeror and the Company entered into the Implementation Agreement pursuant to which the parties have agreed to use all reasonable endeavours to implement the Proposal to be put forward to the holders of Scheme Shares for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act,

subject to the satisfaction of the Pre-Conditions and satisfaction or waiver of the Conditions, as applicable, involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the Effective Date, and the withdrawal of the listing of the Shares on the Stock Exchange. On 1 November 2024, the Pre-Conditions had been satisfied.

If the Proposal is approved and implemented, under the Scheme, the Scheme Shares will, on the Effective Date, be cancelled and extinguished. Contemporaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled pursuant to the Scheme. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

The Rollover Shares will not form part of the Scheme Shares and will not be cancelled. After the Scheme becoming effective, pursuant to the Rollover Agreement, the Rollover Shares will be transferred to the Offeror in exchange for such number of shares to be issued by the Offeror (representing approximately 31.61% of the issued and paid-up share capital of the Offeror) to the Rollover Shareholders credited as fully paid so that the Rollover Shareholders will retain their interest in the Group through the Offeror.

Upon the completion of the Scheme and the transfers of the Rollover Shares pursuant to the Rollover Agreement, the Company will become wholly-owned by the Offeror.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and in particular the Scheme, and to give you notices of the Court Meeting and the EGM, together with the forms of proxy in relation thereto. Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix III of this Scheme Document.

TERMS OF THE PROPOSAL

The Scheme

Under the Proposal, upon the fulfilment or waiver (as applicable) of the Conditions and the Scheme becomes effective, all of the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$0.25 for every Scheme Share cancelled to be paid by the Offeror.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Your attention is drawn to the section headed “2. Terms of the Pre-Conditional Proposal — The Scheme” in Part VII — Explanatory Memorandum of this Scheme Document.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Comparison of Value

Your attention is drawn to the section headed “2. Terms of the Pre-Conditional Proposal — Comparison of Value” in Part VII — Explanatory Memorandum of this Scheme Document.

The Cancellation Price represents a slight discount of approximately 1.3% and 4.8% to the net asset value attributable to the Shareholders per Share, based on the Company’s consolidated financial statements as at 31 December 2023 and 30 June 2024, respectively. Having taken into account the fact that:

- (i) during most of the 12-month period preceding the Last Trading Day the Shares had traded at discounts to the prevailing net asset value attributable to Shareholders per Share;
- (ii) the Cancellation Price represents a consistent premium over the closing price of the Shares during the above 12-month period; and
- (iii) the Shares had exhibited low trading liquidity during the above 12-month period,

the Board is of the view that the Cancellation Price is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Highest and Lowest Prices

Your attention is drawn to the section headed “2. Terms of the Pre-Conditional Proposal — Highest and Lowest Prices” in Part VII — Explanatory Memorandum of this Scheme Document.

Total Consideration and Financial Resources

The Offeror has appointed Altus and CMBC as the joint financial advisers in connection with the Proposal.

Your attention is drawn to the section headed “2. Terms of the Pre-Conditional Proposal — Total Consideration and Financial Resources” in Part VII — Explanatory Memorandum of this Scheme Document.

CONDITIONS OF THE PROPOSAL

The Proposal is conditional upon the fulfilment or waiver (as applicable) of the Conditions set out in the section headed “4. Conditions of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document.

When all of the Conditions are fulfilled or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders regardless of how (or whether) they voted at the Court Meeting or EGM.

Warning: Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived (including the approval of the Rollover Arrangement as a special deal under Rule 25 of the Takeovers Code), as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

Your attention is drawn to the section headed “5. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document.

SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

The Offeror proposes that the Rollover Shareholders will roll over the Rollover Shares (being 442,526,550 Shares, representing approximately 31.61% of the issued share capital of the Company as at the Latest Practicable Date) through the Offeror after the Scheme becomes effective.

Accordingly, the Rollover Shares will not form part of the Scheme Shares. Details of the Rollover Arrangement are set out in the section headed “6. Arrangements Material to the Proposal — Special deal relating to the Rollover Arrangement” in Part VII — Explanatory Memorandum of this Scheme Document.

Special Deal and Disinterested Shareholders’ Approval

As the Rollover Arrangement is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive to the Rollover Arrangement conditional on: (i) the Independent Financial Adviser confirming that the Rollover Arrangement are fair and reasonable so far as the Disinterested Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement.

The Independent Financial Adviser has stated in the letter from the Independent Financial Adviser in Part VI of this Scheme Document that in its opinion, the Rollover Arrangement are fair and reasonable. If the Rollover Arrangement are not approved by the Disinterested Shareholders at the EGM, the Rollover Arrangement and the Scheme will not be implemented.

ROLLOVER AGREEMENT

Your attention is drawn to the section headed “6. Arrangements Material to the Proposal — Special deal relating to the Rollover Arrangement — (i) The Rollover Agreement” in Part VII — Explanatory Memorandum of this Scheme Document.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Ng Seng Leong, Mr. Martin Giles Manen and Mr. Wu Chun Sing, has been established by the Board to make a recommendation, after taking into account the advice and recommendation from the Independent Financial Adviser to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all the non-executive Directors who have no direct or indirect interest in the Proposal other than as a Shareholder.

The Board, with the approval of the Independent Board Committee, has appointed Quam as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable so far as the Disinterested Shareholders are concerned, and accordingly, it advises the Independent Board Committee to recommend to the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Proposal, the Scheme and the Rollover Arrangement is set out in Part V of this Scheme Document.

REASONS FOR AND BENEFITS OF THE PROPOSAL

Your attention is drawn to the section headed “8. Reasons for and Benefits of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document.

THE OFFEROR’S INTENTIONS IN RELATION TO THE GROUP

Your attention is drawn to the section headed “9. The Offeror’s Intentions in relation to the Group” in Part VII — Explanatory Memorandum of this Scheme Document.

The Board is pleased to note that as at the Latest Practicable Date:

- (a) the Offeror intended to continue the existing business of the Group, which was principally engaged in the provision of cleanroom wall and ceiling systems and cleanroom equipment with establishment in the PRC, Malaysia and Philippines;
- (b) no major changes were expected to be introduced in the existing principal business of the Group, including any major redeployment of the fixed assets of the Group;
- (c) the Offeror did not have any plan to make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the Proposal; and
- (d) the Offeror did not intend to continue the listing of the Company on the Stock Exchange.

INFORMATION ON THE COMPANY

Your attention is drawn to the section headed “10. Information on the Company” in Part VII — Explanatory Memorandum of this Scheme Document.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “11. Information on the Offeror” in Part VII — Explanatory Memorandum of this Scheme Document.

INFORMATION ON THE OFFEROR CONCERT PARTIES

Your attention is drawn to the section headed “12. Information on the Offeror Concert Parties” in Part VII — Explanatory Memorandum of this Scheme Document.

ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “Actions to be Taken” set out in Part II of this Scheme Document.

THE MEETINGS

In accordance with the directions of the Grand Court, the Court Meeting will be held at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong on Thursday, 12 December 2024 at 9:15 a.m.. The EGM will be held at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong on Thursday, 12 December 2024 at 9:45 a.m. (or, if later, as soon thereafter as the Court Meeting shall have been concluded or been adjourned).

For the purpose of exercising your right to vote at the Court Meeting and/or the EGM, you are requested to read carefully the section headed “15. Scheme Shares, Court Meeting and EGM” in Part VII — Explanatory Memorandum of this Scheme Document, Part II — Actions to be Taken of this Scheme Document, the notice of Court Meeting in Appendix IV of this Scheme Document and the notice of EGM in Appendix V of this Scheme Document.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately from 4:00 p.m. on Wednesday, 8 January 2025 subject to the Scheme becoming effective.

The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company, and:

- (a) no Scheme Shares will be cancelled or extinguished, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules;
- (b) the listing of the Shares on the Stock Exchange will not be withdrawn; and
- (c) there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.

REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “18. Registration and Payment” in Part VII — Explanatory Memorandum of this Scheme Document.

OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “19. Overseas Shareholders” in Part VII — Explanatory Memorandum of this Scheme Document.

TAXATION ADVICE

Your attention is drawn to the section headed “20. Taxation Advice” in Part VII — Explanatory Memorandum of this Scheme Document.

COSTS OF THE SCHEME

Your attention is drawn to the section headed “21. Costs of the Scheme” in Part VII — Explanatory Memorandum of this Scheme Document.

GENERAL

As Mr. Ng, Mr. Law and Mr. Chin are concert parties of the Offeror, each of Mr. Ng, Mr. Law and Mr. Chin will abstain from voting, in any vote of the Board in relation to the Proposal and the Scheme.

The Rollover Shareholders hold 442,526,550 Shares, representing approximately 31.61% of the issued share capital of the Company as at the Latest Practicable Date. As the Shares held by the Rollover Shareholders will not form part of the Scheme Shares, the Rollover Shareholders are not entitled to vote on the Scheme at the Court Meeting. The Offeror, each of the Rollover Shareholders and each of the Other Founding Shareholders will not be able to vote on the Rollover Arrangement at the EGM.

The Directors (including members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in Part V of this Scheme Document) believe that the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

RECOMMENDATIONS

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement as set out in the letter from the Independent Board Committee in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme and the Rollover Arrangement as set out in the letter from the Independent Financial Adviser in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal, the Scheme and the Rollover Arrangement.

FURTHER INFORMATION

You are urged to read carefully:

- (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document;
- (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document;
- (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document;
- (iv) the appendices of this Scheme Document, including the Scheme set out in Appendix III of this Scheme Document;
- (v) the notice of Court Meeting set out in Appendix IV of this Scheme Document;
- (vi) the notice of EGM set out in Appendix V of this Scheme Document;
- (vii) the **PINK** form of proxy in respect of the Court Meeting as enclosed with this Scheme Document; and
- (viii) the **WHITE** form of proxy in respect of the EGM as enclosed with this Scheme Document.

On behalf of the Board
CM Hi-Tech Cleanroom Limited
Ng Yew Sum
Chairman and Executive Director

CM Hi-Tech Cleanroom Limited
捷芯隆高科潔淨系統有限公司

(Incorporated in the Cayman Islands with members' limited liability)
(Stock Code: 2115)

19 November 2024

To the Disinterested Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
CM HI-TECH CLEANROOM LIMITED
BY MAYAIR HK HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)**
**(2) PROPOSED WITHDRAWAL OF LISTING OF
CM HI-TECH CLEANROOM LIMITED**
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

We refer to the scheme document (the “**Scheme Document**”) dated 19 November 2024 jointly issued by the Company and the Offeror in relation to the Proposal, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as given to them in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM.

Quam Capital Limited, the Independent Financial Adviser, has been appointed by the Company with our approval, to advise us in respect of the Proposal, the Scheme and the Rollover Arrangement.

We wish to draw your attention to (a) the letter from the Board as set out in Part IV of the Scheme Document; (b) the letter from the Independent Financial Adviser as set out in Part VI of the Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its recommendations; and (c) the Explanatory Memorandum as set out in Part VII of the Scheme Document.

Having considered the terms of the Proposal, the Scheme and the Rollover Arrangement and having taken into account the advice and recommendation of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the letter from the

Independent Financial Adviser, we consider that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable so far as the Disinterested Shareholders are concerned.

Accordingly, we recommend:

- (a) at the Court Meeting, the Disinterested Shareholders to vote in favour of the resolution to approve the Scheme; and
- (b) at the EGM:
 - (i) the Shareholders to vote in favour of the special resolution to: (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror; and
 - (ii) the Disinterested Shareholders to vote in favour of the ordinary resolution to:
 - (a) approve the Rollover Arrangement which constitutes a special deal under Rule 25 of the Takeovers Code; and
 - (b) authorise the Directors to do all acts and things and/or execute all such documents as considered by them to be necessary for or desirable in connection with the implementation of the Proposal and the Scheme, including (without limitation) (i) the making of an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange, subject to the Scheme taking effect; (ii) any reduction of the issued share capital of the Company; (iii) the allotment and issue of the Shares to the Offeror; and (iv) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme or the reduction of capital, which the Grand Court of the Cayman Islands may see fit to impose and to do all other acts and things and/or execute all such other documents considered by them to be necessary for or desirable in connection with the implementation of the Scheme.

Yours faithfully,
Independent Board Committee

Mr. NG Seng Leong
*Independent Non-executive
Director*

Mr. Martin Giles MANEN
*Independent Non-executive
Director*

Mr. WU Chun Sing
*Independent Non-executive
Director*

Set out below is the text of a letter from Quam, the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement for the purpose of inclusion in the Scheme Document.



19 November 2024

To the Independent Board Committee

Dear Sirs,

**(1) PROPOSAL FOR THE PRIVATISATION OF
CM HI-TECH CLEANROOM LIMITED
BY MAYAIR HK HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)
(2) PROPOSED WITHDRAWAL OF LISTING OF
CM HI-TECH CLEANROOM LIMITED**

AND

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect to the Proposal, the Scheme and the Rollover Arrangement, details of which are set out in the Scheme Document dated 19 November 2024, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

On 14 October 2024, the Offeror and the Company have entered into the Implementation Agreement pursuant to which the parties have agreed to use all reasonable endeavours to implement the Proposal to be put forward to the holders of Scheme Shares for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act, subject to the satisfaction of the Pre-Conditions and satisfaction or waiver of the Conditions, as applicable, involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the Effective Date, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the Scheme Shares will, on the Effective Date, be cancelled and extinguished. Contemporaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled pursuant to the Scheme. The reserve created

in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

The Rollover Shares will not form part of the Scheme Shares and will not be cancelled. After the Scheme becoming effective, pursuant to the Rollover Agreement, the Rollover Shares will be transferred to the Offeror in exchange for such number of shares to be issued by the Offeror (representing approximately 31.61% of the issued and paid-up share capital of the Offeror) to the Rollover Shareholders credited as fully paid so that the Rollover Shareholders will retain their interest in the Group through the Offeror.

Upon the completion of the Scheme and the transfers of the Rollover Shares pursuant to the Rollover Agreement, the Company will become wholly-owned by the Offeror. Further information of the Offeror is set out in the section headed "2.1 The Offeror" below.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises all the independent non-executive Directors, namely, Mr. Ng Seng Leong, Mr. Martin Giles Manen and Mr. Wu Chun Sing, has been established by the Board to make a recommendation, after taking into account the advice and recommendation from the Independent Financial Adviser as to whether the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM.

We have been appointed, with the approval of the Independent Board Committee, as the independent financial adviser to advise the Independent Board Committee in relation to the Proposal, the Scheme and the Rollover Arrangement.

As at the Latest Practicable Date, we did not have any relationships or connection (financial or otherwise) with or interests in the Company, the Offeror, or any of their respective controlling shareholders and any party acting, or presumed to be acting, in concert with any of them, and accordingly, are qualified to give independent advice to the Independent Board Committee. Save for our appointment as the independent financial adviser to the Independent Board Committee, we did not act as a financial adviser to the Company or the Offeror within the two years immediately preceding the Announcement Date and up to and including the Latest Practicable Date. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the Independent Board Committee, no arrangement exists whereby we shall receive any other fees or benefits from the Company or the Offeror or their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR ADVICE

In formulating our opinion and advice, we have relied on (a) the information and facts contained or referred to in the Scheme Document; (b) the information provided by the Directors and the management of Company (the “**Management**”); (c) the opinions expressed by and the representations of the Directors and the Management; and (d) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Scheme Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Scheme Document are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Scheme Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the Management. Should there be any material changes to the statements, information and/or representation affecting our opinion after the Latest Practicable Date, the Disinterested Shareholders would be notified as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

We have reviewed, among others, (a) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”); (b) the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”); (c) the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2024; and (d) other information set out in the Scheme Document. We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Scheme Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinions expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position, financial forecast or future prospects of the Group.

This letter is issued for the purpose of advising the Independent Board Committee regarding the Proposal, and except for its inclusion in the Scheme Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

THE PROPOSAL

The Proposal will be implemented by way of the Scheme.

The Scheme

Under the Scheme, the Scheme Shares will be cancelled in exchange for HK\$0.25 in cash for each Scheme Share and the total consideration payable for cancellation of the Scheme Shares will be paid by the Offeror.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, the Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier). After the Announcement Date and up to the Latest Practicable Date, the Company had no declared but unpaid dividends and/or other distribution and/or other return of capital.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Conditions of the Proposal

All of the Pre-Conditions had been satisfied on or before 1 November 2024. The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders, representing not less than 75% in value of the Scheme Shares held by the holders of the Scheme Shares present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders;
- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to (i) approve and give effect to any reduction of the share capital of the Company on the Effective Date as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror;

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (d) the Grand Court's sanction of the Scheme (with or without modifications) and, to the extent necessary, its confirmation of any reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of, and minutes approved by, the Grand Court for registration;
- (e) compliance, to the extent necessary, with the applicable procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Act in relation to any reduction of the issued share capital of the Company;
- (f) (i) the receipt of an opinion from the Independent Financial Adviser confirming that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the extraordinary general meeting of the Company to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement;
- (g) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (h) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (i) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company having been obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (j) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted, made or proposed, issued, enforced or imposed (including without limitation through interpreting, amending, restating or supplementing) any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries that would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and

- (k) since the Announcement Date, there having been no adverse change in the business, assets, prospects, profits, losses, results of operations, financial position or condition of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or the Scheme).

The Offeror reserves the right to waive Conditions (g), (h), (i), (j) and (k), to the extent permissible by relevant laws and regulations, the Listing Rules and the Takeovers Code, either in whole or in part, either generally or in respect of any particular matter. Conditions (a) to (f) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Conditions.

All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

In respect of Conditions (g) and (h), as at the Latest Practicable Date, the Offeror and the Company were not aware of any necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals required in connection with the implementation of Proposal and the Scheme. As at the Latest Practicable Date and based on the information available to the Offeror and the Company, other than pursuant to Conditions (a) to (f) (inclusive), the Offeror and the Company were not aware of any circumstances which would result in Conditions (g), (h), (i), (j) and (k) above not being satisfied.

As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived (as applicable).

ARRANGEMENTS MATERIAL TO THE PROPOSAL

Implementation Agreement

On 14 October 2024, the Offeror and the Company entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavours to do all such things within their power to implement the Proposal, subject to the satisfaction of the Pre-Conditions and satisfaction or waiver of the Conditions, as applicable, and cooperate to obtain all approvals required in connection with the Proposal.

Under the Implementation Agreement, the Company has undertaken to the Offeror to (a) use all reasonable endeavours to implement the Scheme; and (b) procure that, prior to the earlier of the Effective Date and termination of the Implementation Agreement, unless otherwise approved by the Shareholders in a general meeting in accordance with Rule 4 of the Takeovers Code, the Group shall not take certain actions, details of which are set out in the Explanatory Statement in the Scheme Document.

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The Company has further undertaken, amongst other things, that it will not, and will procure that no member of the Group shall, directly or indirectly:

- (a) solicit, encourage, or otherwise seek to procure the submission of proposals, indications of interests or offers of any kind which are reasonably likely to lead to an alternative offer from any person other than the Offeror; and
- (b) enter into, or participate in, any discussions or negotiations (other than responding to unsolicited enquiries) with any such person in relation to an alternative offer or provide any due diligence information on the Company and the Group to any third party in connection therewith, save to the extent that, based on the written advice of external legal counsel:
 - (i) the Board reasonably considers that they are likely to be in breach of their directors' duties or statutory duties not to do so; or
 - (ii) they are required to do so under Rule 6 of the Takeovers Code or other applicable laws.

Nothing in the Implementation Agreement is intended to prevent or deprive:

- (a) the Shareholders from having the opportunity to consider; or
- (b) the Company from considering, in each case, any unsolicited alternative offers, proposals or transactions in respect of, or for, the issued ordinary share capital or assets or undertakings (whether the whole or a substantial part) of the Company or the Group from any person other than the Offeror.

The Implementation Agreement will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

Special deal relating to the Rollover Arrangement

The Offeror proposes that the Rollover Shareholders retain their respective interest in the Company through shareholding in the Offeror after the Scheme becomes effective. As part of the Proposal, the Offeror and the Rollover Shareholders have entered into the Rollover Arrangement comprising: (a) the Rollover Agreement; (b) the Share Swap Agreement; (c) the Deed of Indemnity; and (d) the Shareholders' Agreement. Further details of the Rollover Arrangement are set out under section headed "4. Special deal relating to Rollover Arrangement" below.

As the Rollover Arrangement is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive in relation to the Rollover Arrangement conditional on the Independent Financial Adviser confirming to the Independent Board Committee that the Rollover Arrangement is fair and

reasonable as far as the Disinterested Shareholders are concerned and the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposal, the Scheme and the Rollover Arrangement, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Company is a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on Main Board of the Stock Exchange. The Group is principally engaged in the provision of cleanroom wall and ceiling systems and cleanroom equipment in the PRC, Malaysia and the Philippines. Products of the Group are mainly used in cleanrooms of different classes in various cleanroom standards. The Group provides cleanroom products and installation services for manufacturing facilities of manufacturers of semiconductor and electronic products. Its products are also utilised in pharmaceutical and life science industries.

1.1 Financial information of the Group

Set out below is a summary of (i) the audited consolidated financial information of the Company for the years ended 31 December 2022 (“FY2022”) and 2023 (“FY2023”) as extracted from the 2023 Annual Report; and (ii) the unaudited consolidated financial information of the Company for the six months ended 30 June 2023 (“HY2023”) and 2024 (“HY2024”) as extracted from the 2024 Interim Report.

	FY2022	FY2023	HY2023	HY2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	462,907	356,570	144,157	176,464
— <i>Cleanroom wall and ceiling systems</i>	419,939	328,094	130,290	166,264
— <i>Cleanroom equipment</i>	12,518	21,951	9,969	8,051
— <i>Others</i>	30,450	6,525	3,898	2,149
Gross profit	149,597	112,941	51,576	45,830
Profit attributable to the Shareholders for the year/period	74,955	54,609	30,820	21,868
Gross profit margin	32.3%	31.7%	35.8%	26.0%
Net profit margin	16.3%	15.4%	21.5%	12.5%

Revenue by geographical location:

	FY2022	FY2023	HY2023	HY2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
The PRC (excluding Hong Kong)	281,615	202,853	79,893	133,232
Malaysia	84,404	102,586	51,610	27,094
The Philippines	48,763	18,113	5,882	8,420
Singapore	26,414	18,261	2,908	2,572
The United Kingdom	464	9,040	—	3,971
United States	8,308	—	—	—
Germany	7,708	—	—	—
Others	5,231	5,717	3,864	1,175
Total	462,907	356,570	144,157	176,464

	As at		
	31 December	31 December	30 June
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Total assets	467,056	498,372	528,940
Total liabilities	175,051	176,136	193,270
Net assets	292,005	322,236	335,670

1.1.1 Financial performance

The Group's revenue was mainly derived from providing cleanroom wall and ceiling systems, and cleanroom equipment. Revenue from the cleanroom wall and ceiling systems segment accounted for over 90% of the total revenue for the periods indicated above. For HY2024, the Group generated approximately 75.5% and 15.4% of total revenue from the PRC and Malaysia, respectively.

FY2023 as compared with FY2022

The Group recorded a decrease in revenue of approximately 23.0% from RMB462.9 million for FY2022 to RMB356.6 million for FY2023. The decline was mainly because of (i) the impact of US-China trade tensions affecting investments and construction progress for the semiconductor facilities located in the PRC; (ii) an uncertain investment climate, particularly in the semiconductor industry, created by economic uncertainties; and (iii) weak demand for end-making electronics, elevated

inventory levels and weaker prices of microchips for FY2023. These factors directly impacted the demand for the Group's cleanroom products, especially in the PRC market.

The decrease in gross profit of the Group by approximately 24.5% from approximately RMB149.6 million for FY2022 to approximately RMB112.9 million for FY2023 was mainly due to the decrease in the Group's revenue as discussed above. The Group recorded a profit attributable to the Shareholders of approximately RMB54.6 million for FY2023, representing a decrease of approximately 27.1% from approximately RMB75.0 million for FY2022, which was mainly due to the decrease in the Group's gross profit.

HY2024 as compared with HY2023

The Group recorded an increase in revenue of approximately 22.4% from approximately RMB144.2 million for HY2023 to approximately RMB176.5 million for HY2024. The revenue increase was mainly driven by the revenue increase from the sales of cleanroom wall and ceiling systems in the PRC due to more sizable contracts undertaken in HY2024, which was partially offset by a decline in sales mainly from Malaysia.

The decrease in gross profit of the Group by approximately 11.1% from approximately RMB51.6 million for HY2023 to approximately RMB45.8 million for HY2024 was mainly due to the decrease in gross profit margin of the Group from approximately 35.8% in HY2023 to approximately 26.0% in HY2024. Such decrease in gross profit margin was mainly due to increased project expenses for the cleanroom wall and ceiling systems segment, including direct material costs and subcontracting expenses, which in turn was a result of a higher proportion of revenue generated from projects requiring subcontracted works and increased fees charged by subcontractors. The Group recorded a profit attributable to the Shareholders of approximately RMB21.9 million for HY2024, representing a decrease of approximately 29.0% from approximately RMB30.8 million for HY2023, which was mainly due to the decrease in the Group's gross profit and net provisions for credit losses on contract assets as compared to net reversal of credit losses of contract assets for HY2023.

1.1.2 Financial position

As at 30 June 2024, total assets amounted to approximately RMB528.9 million, which mainly consisted of (a) contract assets of approximately RMB158.6 million; (b) cash and cash equivalents of approximately RMB123.2 million; and (c) trade and other receivables of approximately RMB91.7 million.

As at 30 June 2024, total liabilities amounted to approximately RMB193.3 million, which was mainly consisted of (a) trade and other payables of approximately RMB101.5 million; (b) borrowings of approximately RMB69.0 million; and (c) contract liabilities of approximately RMB11.2 million.

1.1.3 Historical dividend payout

According to the 2023 Annual Report, the Company has adopted a dividend policy on payment of dividends. The Company plans to pay a total dividend in respect of each year of approximately 30% to 40% of the Group's consolidated profit attributable to the Shareholders. When proposing a dividend, the Company will take into account, among other things, the future operations and earnings, the business development, capital requirements and surplus, general financial conditions, contractual restrictions and such other factors as the Directors consider appropriate. Nonetheless, there is no requirement or assurance that the Company will declare and pay any dividends. The table below sets out the Company's historical dividend and the payout ratio from the date of the Company's listing on the Stock Exchange in October 2020 to the latest financial year end.

	For the financial year ended 31 December			
	2020	2021	2022	2023
Dividend per Share (HK\$)	0.0036	0.0095	0.0141	0.0128
Earnings per share — basic (RMB cents)	0.93	2.47	5.35	3.90
Dividend payout ratio (<i>Note 1</i>)	32.6%	31.4%	23.5%	29.7%
Year-end closing price of the Shares (HK\$)	1.200	0.138	0.193	0.238
Dividend yield (<i>Note 2</i>)	0.3%	6.9%	7.3%	5.4%

Notes:

1. Dividend payout ratio is calculated by dividing total dividend (excluding the special dividend of HK\$0.0046 per Share paid in March 2023) per Share by earnings per Share for the relevant year.
2. Dividend yield is calculated by dividing the total dividend (excluding the special dividend of HK\$0.0046 per Share paid in March 2023) per Share by the year-end closing price of the Shares for the relevant year.
3. For illustrative purpose, the dividend payout ratio and dividend yield are calculated based on the central parity rate published by the People's Bank of China on its website as at the year-end date of each year.

As shown above, the Company's dividend payout ratio ranged from approximately 23.5% to 32.6%, while the dividend yield ranged from approximately 0.3% to 7.3%, from the date of the Company's listing on the

Stock Exchange in October 2020 to FY2023. For the financial year ending 31 December 2024, the Company have paid an interim dividend of HK\$0.0044 per Share to the Shareholders.

In terms of the dividend return, the Disinterested Shareholders may be attracted to the historical dividend payout record and the dividend policy of the Company. However, we would like to highlight that the Company's dividend payout is still subject to various factors, including earnings, and there is no requirement or assurance that the Company will declare and pay any dividends, according to its dividend policy. For example, we noted that when the earnings of the Group decreased for FY2023 and HY2024 as compared with FY2022 and HY2023 respectively, the Group's dividend per Share for the respective year or period also decreased. In addition, we noted that the dividend yield of Hang Seng High Dividend Yield Index was approximately 6.6% as at the Latest Practicable Date, which is higher than the Company's dividend yield of approximately 5.4% for FY2023, the latest full financial year of the Group. On this basis, we are of the view that after the Proposal is implemented and the Scheme has become effective, it is possible that the Disinterested Shareholders, if they wish, may reinvest the proceeds from the Proposal in other listed companies in Hong Kong to achieve a similar dividend return. As such, we recommend the Disinterested Shareholders to take into account other factors set out in this letter when considering the Proposal and the Scheme.

1.2 Outlook of the Group

As shown above, the revenue declined by approximately 23.0% from RMB462.9 million for FY2022 to RMB356.6 million for FY2023. Compared to HY2023, revenue rose by approximately 22.4% to approximately HK\$176.5 million for HY2024. However, gross profit margin fell from approximately 35.8% for HY2023 to approximately 26.0% for HY2024, representing a significant drop of 27.3%. For FY2023 and HY2024, profit attributable to the Shareholders plunged by approximately 27.2% and 29.0%, respectively, as compared with the same period a year prior.

Given that majority of the Company's revenue was generated in the PRC, the Group's financial performance has been adversely affected by a number of factors such as (i) the impact of US-China trade tensions affecting investments and construction progress for the semiconductor facilities located in the PRC; (ii) an uncertain investment climate, particularly in the semiconductor industry, which has been created by economic uncertainties; and (iii) increase in project costs. According to the report "2024 KPMG Global Semiconductor Industry Outlook" issued by KPMG, a global network of professional firms providing audit, tax and advisory services, in 2024, 45% of semiconductor executives surveyed by KPMG anticipated no change or a decrease in capital expenditures in 2024, up from 38% in 2023, reflecting a lower confidence in the investment climate in the industry. Moreover, 30% of semiconductor leaders surveyed by KPMG believed there is an excess of inventory in 2024, up from 24% in 2023. This growing concern about inventory

levels reflects the uncertainty in demand for semiconductor products, which could deter new investments in the industry. In respect of the impact of US-China trade tensions, in October 2024, the challenges faced by the semiconductor industry in the PRC escalated as the US finalised additional restrictions under an executive order, which explicitly limits US investments in China's semiconductor and AI industries. Based on the above, we consider the outlook of the semiconductor industry, particularly in the PRC, will face challenges and uncertainties in the near term.

Having considered, among others, (i) the impacts of the challenges and uncertainties by the semiconductor industry, particularly in the PRC as a result of geopolitical tensions and economic uncertainties; and (ii) the deterioration in profitability of the Group, we maintain a cautious view on the outlook of the Group in the near term.

2. Background information of the Offeror

2.1 The Offeror

The Offeror is a company incorporated in Hong Kong with limited liability on 23 August 2024. The Offeror is an investment holding Company which was set up for the implementation of the Proposal. The Offeror is wholly-owned by MayAir Technology, the shares of which are listed on the Shanghai Stock Exchange STAR Market.

MayAir Technology is a leading air filtration provider specialist in its industries particularly in semiconductors, biopharmaceuticals, public health care, industrial dust removal, volatile organic compounds (VOCs) treatment markets with the full spectrum of principal activities ranging from research and development, trading and manufacturing and after sales services with an aim to promote cleantech development and to improve global air quality.

As at the Latest Practicable Date, MayAir Technology was ultimately controlled by Mr. Jiang Li in respect of a shareholding of approximately 62.07%. He has been a director of MayAir Technology since July 2019 and has been nominated as the chairman of MayAir Technology since March 2020. He is the founder, chairman and director of Nanjing TICA Air-Conditioning Co., Ltd.* (南京天加空調設備有限公司), which was later renamed as Nanjing TICA Climate Solutions Co., Ltd.* (南京天加環境科技有限公司) since 1999. He is also a director of Guangzhou Smardt Chiller Manufacturing Co., Ltd.* (廣州思茂特冷凍設備製造有限公司) since January 2021. He is a member of the National Standardization Technical Committee* (全國專業標準化技術委員會). Mr. Jiang is currently an independent non-executive director of Chervon Holdings Limited (stock code: 2285), a company listed on the Main Board of the Stock Exchange, since 8 December 2021. The remaining 37.93% shareholding interest in MayAir Technology is held by a number of other shareholders, with the largest one holding less than 3%, according to the latest published financial report of MayAir Technology.

Upon completion of the Proposal and the transfers of the Rollover Shares pursuant to the Rollover Agreement and assuming that there is no other change in shareholding of the Company before completion of the Proposal, the Offeror will have 2,914 issued shares, and will be held as to approximately 68.39% by MayAir Technology, approximately 24.29% by Mr. Ng Yew Sum, approximately 4.29% by Mr. Law Eng Hock, approximately 2.65% by Mr. Chin Sze Kee and approximately 0.38% by Mr. Luah Kok Lam.

2.2 The Offeror Concert Parties

The Rollover Shareholders

The Rollover Shareholders are Mr. Ng Yew Sum, Mr. Law Eng Hock, Mr. Chin Sze Kee and Mr. Luah Kok Lam. Further information of the Rollover Shareholders are set out in the section headed “4.1 Background and rationale of the Rollover Arrangement” below.

Other Founding Shareholders

Pursuant to the AIC Confirmation, the Other Founding Shareholders, namely, Mr. Francis Chia Mong Tet, Mr. Lim Kai Seng, Mr. Chang Chin Sia, Mr. Ng Boon Hock, Ms. Yap Chui Fan, Mr. Loh Wei Loon and Mr. Phang Chee Kin, are acting in concert with Mr. Ng, Mr. Chin and Mr. Law. They have confirmed that, among others, they have been acting in concert with each other for the entire duration when all of them were/are contemporaneously either the legal and/or beneficial owners of shares in each of the Group companies, and shall continue to centralise the ultimate control and right to make decisions with respect to their interest in the Group’s businesses. Accordingly, the Other Founding Shareholders are considered to be acting in concert with the Offeror for the purpose of the Takeovers Code due to Mr. Ng, Mr. Chin and Mr. Law’s involvement in the discussions relating to the Proposal and as Rollover Shareholders. The Shares held by the Other Founding Shareholders will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

2.3 The Offeror’s intention in relation to the Group

The Offeror intends to continue the existing business of the Group, which is principally engaged in provision of cleanroom wall and ceiling systems and cleanroom equipment with establishment in the PRC, Malaysia and the Philippines. No major changes are expected in the existing principal business of the Group, including any major redeployment of the fixed assets of the Group. The Offeror does not have any plan to make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the Proposal. For the reasons explained above, the Offeror does not intend to continue the listing of the Company on the Stock Exchange.

3. Cancellation Price

3.1 Cancellation Price comparison

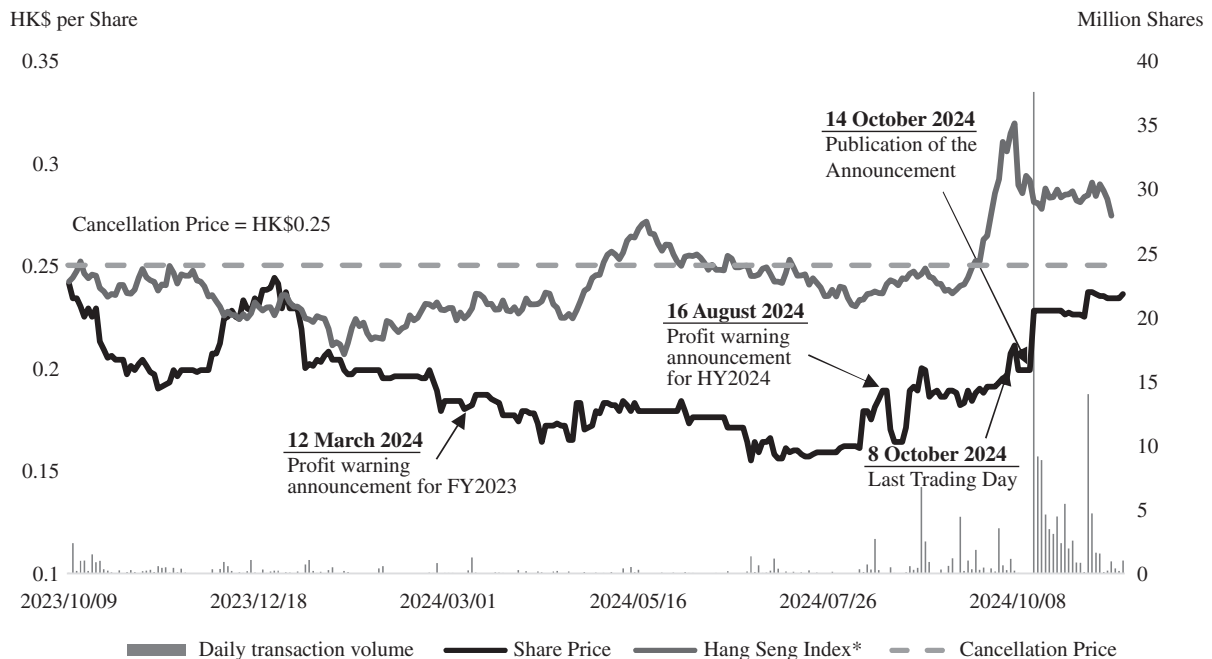
The Cancellation Price of HK\$0.25 per Share under the Proposal represents:

- a premium of approximately 5.5% over the closing price of HK\$0.237 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 25.0% over the closing price of HK\$0.200 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 23.8% over the average closing price of approximately HK\$0.202 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 26.9% over the average closing price of approximately HK\$0.197 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 30.2% over the average closing price of approximately HK\$0.192 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 39.7% over the average closing price of approximately HK\$0.179 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 41.2% over the average closing price of approximately HK\$0.177 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 38.1% over the average closing price of approximately HK\$0.181 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;

- a discount of approximately 1.3% to the Group's net asset value attributable to the Shareholders of approximately HK\$0.2533 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2023, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB321,374,000 (based on the exchange rate of HK\$1:RMB0.90622, the central parity rate published by the People's Bank of China on its website as at 29 December 2023 for illustrative purposes) as at 31 December 2023 and the Shares in issue as at the Latest Practicable Date;
- a discount of approximately 4.8% to the Group's net asset value attributable to the Shareholders of approximately HK\$0.2627 per Share pursuant to the latest unaudited consolidated financial statements of the Company as at 30 June 2024, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB335,670,000 (based on the exchange rate of HK\$1:RMB0.91268, the central parity rate published by the People's Bank of China on its website as at 28 June 2024 for illustrative purposes) as at 30 June 2024 and the Shares in issue as at the Latest Practicable Date; and
- a discount of approximately 3.2% to the Group's adjusted net asset value attributable to the Shareholders of HK\$0.2583 per Share, pursuant to the latest unaudited consolidated financial statements of the Company as at 30 June 2024, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB335,670,000 (based on the exchange rate of HK\$1:RMB0.91268, the central parity rate published by the People's Bank of China on its website as at 28 June 2024 for illustrative purposes) as at 30 June 2024 and the Shares in issue as at the Latest Practicable Date, adjusted with reference to the interim dividend declared and paid of HK\$0.0044 per Share.

3.2 Analysis of historical price performance of the Shares

Set out below is the movement of the closing price of the Shares and Hang Seng Index from 9 October 2023, being approximately one-year period before the Last Trading Day (i.e. 8 October 2024), and up to the Latest Practicable Date (the “**Review Period**”). We consider the length of such period is sufficient and representative to provide a general overview of the recent market performance of the Shares and market sentiment for conducting a reasonable comparison between the closing Share prices and the Cancellation Price.



Source: The website of the Stock Exchange (www.hkex.com.hk)

* Hang Seng Index is rebased to the closing price of the Shares as at 9 October 2023

The Shares closed below the Cancellation Price at all times during the Review Period. From the beginning of the Review Period until the Last Trading Day, the closing price of the Shares fluctuated between the lowest of HK\$0.156 (27 June 2024) and the highest of HK\$0.245 (22 December 2023), and the Cancellation Price represents a premium of approximately 31.3% over the average closing price during such period of HK\$0.190 per Share. From 15 October 2024, being the first trading day after publication of the Announcement, to the Latest Practicable Date, the closing Share price increased sharply and fluctuated between HK\$0.226 and HK\$0.238, which was likely to be associated with the market response to the Proposal. There is no assurance that the closing price of the Shares will remain at the current level or continue to rise if the Scheme is not approved or the Proposal otherwise lapses.

During the period from the beginning of the Review Period to 22 December 2023, the closing price of Shares fluctuated between HK\$0.191 and HK\$0.245. Since then the closing price exhibited a downward trend and decreased to the lowest of HK\$0.156 on 27 June 2024. The closing Share price plunged from HK\$0.245 on 22 December 2023 to HK\$0.201 on 8 January 2024. The continuous drop in closing Share price after that was possibly attributable to the unsatisfactory financial results of the Company for FY2023. The closing price of Shares remained relatively stable between late June 2024 and early August 2024, and thereafter exhibited an upward trend generally in line with the Hang Seng Index until the Last Trading Day.

Save as disclosed above, we did not notice any other announcements of the Company during the Review Period which may have correlation to the Share price movement shown in the chart above.

3.3 Trading volume analysis

The table below sets out the average daily trading volume of the Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the Shares as compared to the total number of issued Shares and the total number of issued Shares held by the Disinterested Shareholders.

Period/month	Average daily trading volume (number of Shares) (Note 1)	Approximate percentage of average daily trading volume to total number of issued Shares %	Approximate percentage of average daily trading volume to total number of issued Shares %
		(Note 2)	(Note 3)
2023			
October (starting from 9 October 2023)	576,250	0.04%	0.09%
November	188,636	0.01%	0.03%
December	241,053	0.02%	0.04%
2024			
January	159,545	0.01%	0.03%
February	103,158	0.01%	0.02%
March	113,500	0.01%	0.02%
April	60,000	Less than 0.01%	0.01%
May	78,571	0.01%	0.01%
June	109,474	0.01%	0.02%
July	155,000	0.01%	0.02%
August	711,970	0.05%	0.11%
September	828,421	0.06%	0.13%
October	4,157,619	0.30%	0.66%
November (up to and including the Latest Practicable Date)	2,259,091	0.16%	0.36%

Source: The website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. Based on the total number of issued Shares at the respective month/period end.
3. Based on the number of issued Shares held by the Disinterested Shareholders as at the Latest Practicable Date.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated in the above table, the average daily trading volume of the Shares was thin during the Review Period, representing less than 0.01% to 0.30% of the total number of the Shares in issue and 0.01% to 0.66% of the issued Shares held by the Disinterested Shareholders. We noted the higher average daily volume in October and November 2024, which we believe that the increase in trading volume of the Shares was possibly due to the market reaction to the publication of the Announcement. As the liquidity of Shares was thin, it is difficult for the Disinterested Shareholders to sell their shareholdings in large volume in the open market without having an adverse impact on the Share price.

In view of the above, the Proposal provides an opportunity for the Shareholders to realize their investment in the Company for cash regardless of the number of Shares they hold without exerting downward pressure on the Share price.

3.4 Analysis of discount represented by the Cancellation Price to the net asset value attributable to the Shareholders per Share

The Cancellation Price of HK\$0.25 per Share represents a discount of approximately 1.3% and 4.8% as compared with the Group’s net asset value (“NAV”) attributable to Shareholders per Share as at 31 December 2023 and 30 June 2024, respectively. In assessing the Cancellation Price compared against the NAV, set out below is a table illustrating the historical Share prices against the published NAV for the one-year period before the Last Trading Day:

<u>From</u>	<u>To</u>	<u>NAV per Share</u> <i>(Note 1)</i> <i>(HK\$)</i>	<u>Average closing Share price</u> <i>(HK\$)</i>	<u>Highest closing Share price</u> <i>(HK\$)</i>	<u>Lowest closing Share price</u> <i>(HK\$)</i>	<u>Approximate premium/ (discount) of the average closing Share price to NAV per Share</u>	<u>Approximate premium/ (discount) of the highest closing Share price to NAV per Share</u>	<u>Approximate premium/ (discount) of the lowest closing Share price to NAV per Share</u>
9 October 2023	27 March 2024	0.238	0.205	0.245	0.175	(13.7%)	3.0%	(26.4%)
<i>(i.e. the period immediately before and up to the date of publishment of the annual results announcement of the Company for FY2023)</i>								
28 March 2024	29 August 2024	0.253	0.173	0.201	0.156	(31.6%)	(20.6%)	(38.4%)
<i>(i.e. the period immediately before and up to the date of publishment of the interim results announcement of the Company for HY2024)</i>								
30 August 2024	8 October 2024	0.263	0.192	0.212	0.183	(26.9%)	(19.3%)	(30.3%)
<i>(i.e. the period up to the Last Trading Day)</i>								

Source: the website of the Stock Exchange (www.hkex.com.hk)

Note: The latest published audited or unaudited consolidated NAV attributable to Shareholders per Share for the respective periods.

With reference to the table above, we noted that the Shares had been traded at a deeper discount to the NAV of the Group most of time during the one-year period before the Last Trading Day, as compared with the discount represented by the Cancellation Price. Based on the above observation, it appears that the market has been pricing the Shares at discount to the Group's NAV. This may indicate that investors might not price the Shares based solely on the Group's NAV and the Shareholders may not be able to realise their investments in the Shares at a price equal to or at a premium over the NAV per Share on market. In addition, we also noted that the discount to the Group's NAV attributable to Shareholders as at 30 June 2024 represented by the Cancellation Price is below the average and median discounts of the Privatisation Precedents (as defined and discussed in section headed "3.6 Privatisation precedents" below).

Accordingly, in assessing the Cancellation Price, it would only be appropriate to consider the discount represented by the Cancellation Price to the NAV per Share, in conjunction with other factors including but not limited to the historical financial performance and business prospects of the Company and more importantly, the comparison of the Cancellation Price to the Share prices prior to the publication of the Announcement as shown in the section headed "3.2 Analysis of historical price performance of the Shares" above, which we consider to be the primary factor.

3.5 Comparables analysis

In evaluating the fairness and reasonableness of the Cancellation Price, we have attempted to conduct a price multiple analysis with comparable listed companies. We have searched companies listed on the Stock Exchange which (a) derived over 50% of their revenue from sales of cleanroom facility products in the PRC, which is similar to the Group's business; (b) had market capitalisation of less than HK\$1.0 billion as at the Last Trading Day, after taking into account the implied valuation of the Company calculated based on the Cancellation Price of approximately HK\$0.35 billion.

Based on the above selection criteria, no comparable companies could be identified, which we consider to be exhaustive. We have extended the scope of criteria (b) to include companies with market capitalisation of less than HK\$2.0 billion. However, no comparable companies could be identified. We consider that it is not appropriate to amend criteria (a) above as it is critical for identifying comparable companies that are principally engaged in sales of cleanroom facility products in the PRC, which is a rather specialised business. We are of the view that the primary factor in assessing the fairness and reasonableness of the Cancellation Price is to compare the Cancellation Price to the recent Share prices, which are the market consensus of the value of the Company. As such, we consider that our assessment on the Cancellation Price is not affected in this regard.

3.6 Privatisation precedents

To assess the fairness and reasonableness of the terms of the Proposal, we have identified recent successful privatisation precedents on the Main Board of the Stock Exchange and compared their respective cancellation prices relative to their share prices and NAVs. In selecting the privatisation precedents, we have screened for companies listed on the Main Board of Stocks Exchange which: (a) the privatisation proposal was conducted by way of a scheme of arrangement; (b) the privatisation was announced between 1 October 2022 and the Last Trading Day; and (c) the privatisation had been successful on or before the Last Trading Day. Based on our research, we have identified an exhaustive list of 13 privatisation precedents (the “**Privatisation Precedents**”). We consider that such review period which covers approximately two years and the sample size identified under such basis to be appropriate and sufficient for analysis of the pricing of recent privatisations and such period is close enough to reflect the prevailing market conditions in Hong Kong. Despite the Review Period, representing approximately one-year period, was adopted in our other analyses in earlier sections, we consider that such length of period does not provide sufficient samples for a meaningful comparison analysis. Accordingly, we extended the review period to cover approximately two years for privatisation precedents analysis. It should be noted that the subject companies in the Privatisation Precedents were involved in industries which are not identical to that of the Company. As such, the analysis should not be considered on an isolated basis but should be taken into account in totality with other factors for considering whether to accept the Proposal. Nevertheless, we are of the view that the Privatisation Precedents would be able to provide us with a fair and representative reference of the recent market pricings of privatisations in Hong Kong market. Set out below is the premium/discount of the cancellation price over/to (i) the respective closing share prices on the last trading day; (ii) the respective average closing share prices for the last 5, 30, 60, 120 and 180 trading days up to and including the last trading day of shares; and (iii) the companies’ latest NAV per share of the Privatisation Precedents and the Proposal.

Date of announcement	Company	Stock code	Principle business	Premium/(discount) of cancellation price over/to the closing price/average closing price per share (Note 1)						Premium/(discount) of cancellation price over/to latest NAV per share (Note 3)
				Last trading day	Last 5 trading days average (Note 2)	Last 30 trading days average (Note 2)	Last 60 trading days average (Note 2)	Last 120 trading days average (Note 2)	Last 180 trading days average (Note 2)	
27 May 2024	Huafa Property Services Group Company Limited	982	Offers property and facility management, design and engineering consulting, brand introduction, hotel advisory, events, and exhibition services	30.63%	36.79%	70.59%	82.24%	90.01%	104.89%	970.11% (Note 4)
28 Mar 2024	SciClone Pharmaceuticals (Holdings) Limited	6600	Develops, produces and sells oncology drug, infectious diseases drugs, and other products	33.90%	36.03%	47.47%	47.93%	58.06%	67.06%	228.35%
14 Dec 2023	Sinosoft Technology Group Limited	1297	Develops and markets export tax software and related services, carbon management solutions, e-Government solutions	29.41%	30.43%	31.13%	22.48%	11.39%	14.23%	(78.85)%
6 Oct 2023	Haitong International Holdings Limited	665	Provides brokerage and retail margin financing, corporate finance, investment management, fixed income, currency and commodities as well as structured financing products	114.08%	111.11%	126.53%	122.22%	125.19%	110.53%	(39.32)%
6 Oct 2023	Pine Care Group Limited	1989	Operates care and attention homes for elderly and provides related services	(1.11)%	0.68%	1.48%	8.94%	(24.01)%	43.78%	(7.90)%
15 Sep 2023	Lansen Pharmaceutical Holdings Limited	503	Produces and sells rheumatic specialty prescription western pharmaceuticals	26.76%	24.14%	20.00%	15.37%	14.60%	23.29%	(22.08)%
1 Sep 2023	CST Group Limited	985	Provides e-logistics, mining businesses and copper mining services	61.29%	24.38%	36.61%	(1.38)%	13.90%	(33.82)%	(60.68)%
27 Jun 2023	Dali Foods Group Company Limited	3799	Manufactures and sells food and beverage	37.87%	36.36%	30.21%	21.75%	49.21%	12.99%	151.68%

Date of announcement	Company	Stock code	Principle business	Premium/(discount) of cancellation price over/to the closing price/average closing price per share (Note 1)						Premium/(discount) of cancellation price over/to latest NAV per share
				Last trading day	Last 5 trading days average	Last 30 trading days average	Last 60 trading days average	Last 120 trading days average	Last 180 trading days average	
					(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)
11 Jun 2023	Mason Group Holdings Limited	273	Provides financial services, including financial brokerage, leveraged and acquisition financing, asset and wealth management and mortgages business, and also health solutions.	20.71%	20.71%	19.15%	16.15%	82.65%	19.18%	(60.10)%
28 May 2023	Golden Eagle Retail Group Limited	3308	Operates department stores.	40.41%	62.03%	54.87%	49.61%	25.74%	45.36%	(47.40)%
21 Feb 2023	Jiangnan Group Limited	1366	Manufactures and sells wires and cables for power transmission, distribution systems and electrical equipment.	12.68%	72.27%	101.44%	99.55%	11.39%	77.48%	(65.44)%
17 Feb 2023	AAG Energy Holdings Limited	2686	Engages in coalbed methane exploration and development.	10.12%	10.38%	10.69%	23.97%	125.19%	26.09%	(27.50)%
24 Oct 2022	Kingston Financial Group Limited	1031	Operates casinos and hotels, and offers investment banking, securities trading, and financing services.	47.78%	48.37%	39.41%	33.27%	26.64%	10.99%	(57.79)%
			Maximum	114.08%	111.11%	126.53%	122.22%	125.19%	110.53%	228.35%
			Minimum	(1.11)%	0.68%	1.48%	(1.38)%	(24.01)%	(33.82)%	(78.85)%
			Average	36.44%	41.74%	47.00%	42.89%	40.18%	39.40%	(7.25)%
			Median	30.02%	33.59%	38.01%	28.62%	28.31%	28.05%	(43.36)%
The Proposal				25.00%	23.80%	30.20%	39.70%	41.20%	38.10%	(3.20)%

Source: Bloomberg and website of the Stock Exchange

Notes:

- The figures are extracted from the respective scheme documents. If such data is not available, the figures are calculated based on the cancellation price divided by average closing price of shares during the relevant period.
- Up to and including the last trading day of the shares.
- Represents the premium / discount of cancellation price over/to the latest NAV per share (taking into account any adjustments disclosed) attributable to the shareholders of the companies as extracted from the respective scheme documents.
- We consider this number an outlier given that it is substantially higher than other Privatisation Precedents and therefore it was excluded in our analysis.

As shown in the table above, the premiums represented by the Cancellation Price over the closing Share price on the Last Trading Day, the average closing prices of the last 5, 30, 60, 120 and 180 trading days up to and including the Last Trading Day are all within the respective ranges of the Privatisation Precedents. In particular, the premiums represented by the Cancellation Price are higher than the respective average and/or median of the last 60, 120, 180 trading days of the Privatisation Precedents. In addition, the discount represented by the Cancellation Price to the latest NAV attributable to Shareholders per Share of the Company as at 30 June 2024 is lower than the average and median discounts of the Privatisation Precedents.

Therefore, we consider the Cancellation Price is fair and reasonable from the perspective of the privatisation precedents analysis.

3.7 Section summary

Having considered the factors and reasons above, in particular,

- (a) the Cancellation Price is higher than the closing prices of the Shares on all trading days throughout the Review Period, and represents a premium of approximately 31.3% over the average closing prices from the beginning of the Review Period to the Last Trading Day;
- (b) the premiums represented by the Cancellation Price over the closing Share price on the Last Trading Day, the average closing Share prices of the last 5, 30, 60, 120 and 180 trading days up to and including the Last Trading Day are all within the respective ranges of the Privatisation Precedents, and in particular, the premiums represented by the Cancellation Price are higher than the respective average and/or median of the last 60, 120 and 180 trading days of the Privatisation Precedents;
- (c) despite the Cancellation Price represents a slight discount of approximately 1.3% and 4.8% as compared with the NAV attributable to Shareholders per Share of the Company as at 31 December 2023 and 30 June 2024 respectively, it is noted that the Shares had been traded at a deeper discount to the NAV per Share during most of the time in the one-year period before the Last Trading Day, which may indicate that the investors might not price the Shares based solely on the Group's NAV and the Shareholders may not be able to realise their investments in the Shares at a price equal to or at a premium over the NAV per Share on market. In addition, the discount to the Group's NAV attributable to Shareholders as at 30 June 2024 represented by the Cancellation Price is lower than the average and median discounts of the Privatisation Precedents;

- (d) while the Disinterested Shareholders may be attracted to the historical dividend payouts and the dividend policy of the Company, the Company's dividend payout is still subject to various factors including earnings and there is no requirement or assurance that the Company will declare and pay any dividends. In addition, we are of the view that it is possible for the Disinterested Shareholders, if they wish, to reinvest the proceeds from the Proposal in other listed companies in Hong Kong to achieve a similar dividend return; and
- (e) given that the liquidity of the Shares was thin during the Review Period, it may be difficult for the Disinterested Shareholders to dispose of their Shares in the open market without exerting downward pressure on the Share price,

we consider that the Cancellation Price is fair and reasonable and the Proposal provides the Disinterested Shareholders an assured opportunity to monetise their investments in the Company at a fixed Cancellation Price without exerting downward pressure on the Share price.

4. Special deal relating to Rollover Arrangement

4.1 Background and rationale of the Rollover Arrangement

The Offeror proposes that the Rollover Shareholders retain their respective interest in the Company through shareholding in the Offeror after the Scheme becomes effective. As part of the Proposal, the Offeror and the Rollover Shareholders have entered into the Rollover Arrangement comprising: (i) the Rollover Agreement; (ii) the Share Swap Agreement; (iii) the Deed of Indemnity; and (iv) the Shareholders' Agreement, pursuant to which after the Scheme becomes effective, the Rollover Shares will be transferred to the Offeror in exchange for such number of shares to be issued by the Offeror (representing approximately 31.61% of the issued and paid-up share capital of the Offeror) to the Rollover Shareholders credited as fully paid so that the Rollover Shareholders will retain their interest in the Group through the Offeror. The Rollover Shareholders, in aggregate, held 442,526,550 Shares (representing approximately 31.61% of the issued share capital of the Company) as at the Latest Practicable Date. Accordingly, the Rollover Shares will not form part of the Scheme Shares.

The Rollover Shareholders are Mr. Ng Yew Sum, Mr. Law Eng Hock, Mr. Chin Sze Kee and Mr. Luah Kok Lam.

Mr. Ng Yew Sum is an Executive Director, Chairman of the Board and director of all of subsidiaries of the Group who is responsible for overseeing the business operation as well as business development and strategy of the Group. He has been working with the Group since 1990. As at the Latest Practicable Date, Mr. Ng Yew Sum held 340,028,550 Shares, representing approximately 24.29% of the issued Shares.

Mr. Law Eng Hock is an Executive Director, General Manager of China operation of the Group who is responsible for overseeing the overall operations in sales and marketing, engineering as well as manufacturing. He has been working with the Group since 2001. As at the Latest Practicable Date, Mr. Law Eng Hock held 60,040,050 Shares, representing approximately 4.29% of the issued Shares.

Mr. Chin Sze Kee is an Executive Director and a director of certain subsidiaries of the Group who is responsible for overseeing the overall operations in sales and marketing, engineering as well as the manufacturing operations of the Group in Malaysia. He has been working with the Group since 2001. As at the Latest Practicable Date, Mr. Chin Sze Kee held 37,091,850 Shares, representing approximately 2.65% of the issued Shares.

Mr. Luah Kok Lam is the General Manager (Overseas Operations) of the Group who is responsible for overseeing the overseas business development and marketing of the Group. He has been working with the Group since 2007. As at the Latest Practicable Date, Mr. Luah Kok Lam held 5,366,100 Shares, representing approximately 0.38% of the issued Shares.

As set out in the Explanatory Memorandum of the Scheme Document, the Offeror is of the view that the Rollover Shareholders have been working with the Group in their respective managerial positions for a long time, and have the industry experience and expertise which will continue to benefit the development of the Group. It is therefore important for the Company to retain each Rollover Shareholder as a member of the management team of the Group and retain their interest in the Group through the Offeror after completion of the Scheme so that their interests are aligned with the Company and the Offeror, and they can and will continue to contribute to the development of the Group.

4.2 Principal terms of the Rollover Agreement

On 14 October 2024, the Offeror and the Rollover Shareholders entered into the Rollover Agreement, pursuant to which:

- (a) subject to the fulfillment of conditions of the Rollover Agreement, the Shares held by the Rollover Shareholders (i) will not form part of the Scheme Shares under the Scheme, and the Rollover Shareholders are not entitled to vote on the Scheme at the Court Meeting; and (ii) will not be cancelled and extinguished when the Scheme becomes effective, and accordingly the Rollover Shareholders will remain as the Shareholders after the Scheme becomes effective;
- (b) after the Scheme becoming effective, the Rollover Shares will then be transferred to the Offeror in exchange for such number of shares to be issued by the Offeror (representing approximately 31.61% of the issued and paid-up share capital of the Offeror) to the Rollover Shareholders credited as fully paid. After completion of the Scheme and the transfers of the Rollover Shares, the Rollover Shareholders will, through the Offeror, hold an indirect interest in the Company;
- (c) each of the Rollover Shareholders has undertaken that (i) he will not, directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Scheme or the Proposal or the withdrawal of listing of Shares on the Stock Exchange or otherwise conflict with or diminish his obligations under the Rollover Agreement; and (ii) subject to compliance with relevant laws and regulations, he will do all such acts and things and execute all such documents as may be reasonably required by the Offeror to give effect to the undertakings contained in the Rollover Agreement;
- (d) each of the Rollover Shareholders has undertaken that, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by him directly on resolutions in relation to the Scheme which such Rollover Shareholders are entitled to vote in accordance with the Offeror's directions, and in the absence of any such directions, to vote in favour of all resolutions which such Rollover Shareholders are entitled to vote and which are necessary to implement the Scheme proposed at a court meeting and/or a general meeting of the Company, and that he shall be bound by, and take all actions necessary to implement the Scheme; and
- (e) before the Scheme becomes effective, lapses or is withdrawn, the Rollover Shareholders shall not (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by him in the Company; (ii) accept, or give any undertaking (whether conditional or unconditional) to accept, exercise

voting rights attached to the Shares held by him to approve or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of such Shares or disposal of material assets of the Company and its subsidiaries by any person other than pursuant to the Scheme; and (iii) acquire, subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of the Offeror.

Pursuant to the Rollover Agreement, the Rollover Shareholders and the Offeror will enter into the Share Swap Agreement, the Deed of Indemnity and the Shareholders' Agreement to implement the Rollover Arrangement.

The Rollover Agreement will be terminated upon the earlier of (i) any of the Pre-Conditions is not satisfied on or before the Pre-Conditions Long Stop Date; (ii) when the Scheme lapses or is withdrawn, terminated, rescinded by the Offeror or is finally dismissed, finally refused or finally rejected by the Grand Court; or (iii) the date as the parties thereto otherwise agree in writing (but without prejudice to any accrued liabilities arising prior to such termination).

The implementation of the Rollover Arrangement is subject to the fulfillment of the following conditions:

- (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned;
- (b) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve, among others, the Rollover Arrangement;
- (c) the Scheme becoming effective; and
- (d) the grant of consent from the Executive in respect of the Rollover Arrangement pursuant to note 3 to Rule 25 of the Takeovers Code.

4.3 The Share Swap Agreement

On 14 October 2024, the Rollover Shareholders and the Offeror entered into the Share Swap Agreement, which shall take effect after the Scheme becoming effective, pursuant to which the Rollover Shareholders will, after the Effective Date, transfer the Rollover Shares, free from all encumbrances and together with all rights that attach (or may in the future attach) to them including, in particular, the right to receive all dividends and distributions declared, made or paid on or after the completion date, at the consideration being equivalent to the Cancellation Price per Rollover Share, to the Offeror, in exchange for the allotment and issuance of such number of new shares to be issued by the Offeror (representing approximately 31.61% of the issued and paid-up share capital of the Offeror) to the Rollover Shareholders credited as fully paid, so that the shareholding of the Rollover Shareholders in the Offeror after the share swap mirrors their shareholding in the

Company prior to the Effective Date. The Share Swap Agreement contains certain indemnity by the Rollover Shareholders in favour of the Offeror for breach of certain warranties on, among other things, corporate matters, accounts and taxation matters of the Group as at the Effective Date.

Upon completion of the Share Swap Agreement, the Rollover Shareholders and MayAir Technology will hold direct interests in the Offeror as to approximately 31.61% and 68.39%, respectively. Accordingly, the Rollover Shareholders will, through the Offeror, hold an indirect interest in the Company.

4.4 The Deed of Indemnity

In consideration of the Proposal put forth by the Offeror and the entering into of the Rollover Arrangement by the Offeror, on 14 October 2024, the Rollover Shareholders executed the Deed of Indemnity in favour of the Offeror regarding, among other things, (i) certain warranties on, among other things, corporate matters, accounts and taxation matters of the Group as at the date of the Deed of Indemnity and as at the Effective Date; and (ii) undertakings to (a) vote in favour of all matters necessary for the implementation of the Scheme at the EGM except for matters which the Rollover Shareholders are required to abstain from voting, including the Rollover Arrangement; (b) not to dispose of any Shares held or accept any other offer to acquire such Shares; and (c) not to solicit any person other than the Offeror to make a proposal competing to the Proposal provided that this shall not prevent the Rollover Shareholders from responding to any unsolicited proposals from any person to the extent such response is necessary to comply with the directions, rulings, notices or orders of any relevant governmental authority and any applicable laws.

4.5 The Shareholders' Agreement

On 14 October 2024, the Rollover Shareholders and the Offeror entered into the Shareholders' Agreement, which shall take effect after the completion of the Share Swap Agreement (being after the Effective Date), in respect of the governance of the Offeror. A summary of the key terms of the Shareholders' Agreement is set out below:

- (a) **Board composition.** The board of directors of the Offeror shall comprise not more than three directors: (i) two of which shall be directors nominated by MayAir Technology; and (ii) one of which shall be a director nominated by the Rollover Shareholders for so long as the Rollover Shareholders in aggregate hold no less than 10% of the total number of Offeror shares, being Mr. Ng.
- (b) **Funding.** All further financial requirements of the Group shall be funded by external borrowings and/or shareholders' loan from MayAir Technology (on such terms as may be determined by the board of directors of the Offeror). The lending shareholder shall be entitled to charge a reasonable rate of interest under the prevailing market interest rate.

- (c) **Reserved matters.** No reserved matters may be approved, carried out, taken or implemented by the Offeror unless duly approved by the board of directors of the Offeror or approved with 90% majority votes of shareholders of the Offeror, as the case maybe.

Such reserved matters to be approved with unanimous affirmative vote of the board of directors of the Offeror include, among other things: (i) making any borrowing other than borrowings from its bankers agreed in the approved annual budget; (ii) making any material changes to annual budget; (iii) entering into employment contracts with payment of remuneration in excess of HK\$500,000 or its equivalent per annum but below HK\$2,000,000 or its equivalent per annum or increasing the remuneration of any single person to a rate up to HK\$300,000 per annum; (iv) making any loan or granting any credit or giving any guarantee or indemnity otherwise than in the ordinary course of business; (v) incurring of capital and operating expenditure, other than as approved in the annual budget up to HK\$2,000,000 or its equivalent in any twelve month period; or (vi) entering into any related party transactions with any directors or key management of any members of the Group and/or shareholders of the Offeror.

Such reserved matters to be approved with 90% majority votes of shareholders of the Offeror include, among other things: (i) permitting the registration of any person as a shareholder of the Offeror other than any permitted transferees or the sale or transfer of any shares in the Offeror to any person not being an existing shareholder of the Offeror; (ii) entering into employment contracts with payment of remuneration in excess of HK\$2,000,000 or its equivalent per annum or increasing the remuneration of any single person to a rate in excess of HK\$300,000 or its equivalent per annum; (iii) instituting legal proceedings or settling or compromising any legal proceedings exceeding HK\$200,000 or its equivalent; (iv) changing the auditors of any members of the Group or its financial year end; (v) forming any subsidiary or acquiring any other company or participating in any partnership or joint venture; (vi) any investment in, leasing, licensing or acquisition or disposition of material assets, properties or businesses or business undertaking exceeding HK\$500,000 or its equivalent per transaction or such transaction which would have a material change in the business of the Group; (vii) increasing or reducing the amount of the Offeror's issued share capital; (viii) liquidation or winding up or undertake any amalgamation, merger, reorganisation, reconstruction or consolidation (including debt restructuring) of any member of the Group, or the taking of any step by such entity or its shareholders for the appointment of a receiver, receiver and manager, judicial manager or like officer or the presentation of any petition or passing of any resolution to put such entity into administration or for the winding up of such entity; or (ix) any merger, acquisition, consolidation or reorganisation of any members of the Group or amalgamating or merging with any other company or business undertaking.

- (d) **Pre-emption rights.** Shareholders of the Offeror shall have a pre-emption right in respect to any future issue of any share. A Shareholder shall be entitled to subscribe for or purchase, pro-rata to its shareholding in the Offeror.
- (e) **Tag-along rights.** In the event that MayAir Technology receives an offer for any part of its shares in the Offeror from a bona fide third party purchaser that MayAir Technology wishes to accept and the Rollover Shareholders elect not to exercise their right of first refusal, the Rollover Shareholders shall have the right to require MayAir Technology to procure the third party purchaser to offer to purchase such number of shares in the Offeror held by the Rollover Shareholders on the same terms and conditions as set out in such offer, provided that the third party purchaser executes a deed of adherence to the Shareholders' Agreement.
- (f) **Transfer restriction.** Save with the prior written consent of MayAir Technology, no Rollover Shareholder shall transfer his shares or any part of his interest in the shares in the Offeror except in accordance with the provisions of the Shareholders' Agreement. If there is a transfer of the shares in the Offeror, the relevant selling Rollover Shareholder shall procure the transferee to enter into a deed of adherence to the Shareholders' Agreement.
- (g) **Non-compete and non-solicit.** Each of the Rollover Shareholders warrants and undertakes to MayAir Technology that he will not, and will procure that all companies, entities, joint venture or partnership the management of which he has control will not, without the written consent of MayAir Technology, at any time during a period of three years after the relevant shareholder ceases to be a shareholder of the Offeror, (i) engage in any activities in any countries in competition with the Group's business; (ii) induce or attempt to induce any customer of or supplier to the Group's business to cease or refrain from conducting business with, or to reduce the amount of business conducted with, or to vary adversely the terms upon which it conducts business with the Group, or do any other thing which is reasonably likely to have such an effect; (iii) either on his own account or in conjunction with or on behalf of any person, firm or company, carry on or participate or have an interest in, anywhere in the Territory, any business (other than any investment in any company in which it is a passive investor and has no board representation provided that such interest in the equity share capital therein does not exceed 5 per cent of the total issued equity capital of such company) of a type similar to that of the Group's business (or a part thereof) and/or any business which competes directly or indirectly with the Group's business or carry out any activities detrimental to the business of the Group; and (iv) offer employment to, enter into a contract for the services of, or solicit or otherwise attempt to entice away, any employee of any member of the Group or employ or otherwise engage any person who now is or at any

time during one year immediately preceding the relevant shareholder ceases to be a shareholder of the Offeror may have become an employee of any member of the Group and with whom the Rollover Shareholders had contact during his said employment, whether or not such person would commit any breach of his contract of employment by reason of leaving the service of the relevant member of the Group. Such non-compete undertaking does not apply to or restrict the Rollover Shareholders' existing investments in Sum Technic Sdn. Bhd., Sum System Solution Sdn. Bhd., Micronaire Global Sdn. Bhd. and 本濾環境科技江蘇有限公司 (Benew Environmental Technology Co., Ltd.*) and only on the condition that the existing businesses conducted by these companies are not identical to the business of the Group for provision of clean room wall and ceiling systems.

- (h) **Deadlock or default event.** In the event of a deadlock or an event of default by a shareholder of the Offeror and subject to the procedures as specified in the Shareholders' Agreement, either MayAir Technology or the Rollover Shareholders shall be entitled (but not obliged) to serve a notice requiring the defaulting shareholder to sell all or some of the shares in the Offeror held by him to the non-defaulting shareholder at the deadlock price. The deadlock price is the cost price of the shares in the Offeror as set out in the Share Swap Agreement, being the consideration that the Offeror paid to the Rollover Shareholders to transfer the Rollover Shares to the Offeror at the Cancellation Price per Rollover Share in exchange for allotment and issuance of such number of new shares by the Offeror in its issued and paid-up share capital to the Rollover Shareholders credited as fully paid.
- (i) **Termination.** The Shareholders' Agreement shall terminate (i) upon mutual written agreement of all shareholders of the Offeror; (ii) upon the liquidation or making of an order for the winding-up of the Offeror; or (iii) if all the shares in the Offeror being held beneficially by one shareholder only.

4.6 Assessment on the Rollover Arrangement

In assessing the fairness and reasonableness of the Rollover Arrangement, we have considered the following factors:

- (i) *Reliance on the contributions of the Rollover Shareholders*

The main purpose of the Rollover Arrangement is to retain the Rollover Shareholders to continue to serve the Group and to maintain their economic interests in the Group after the implementation of the Scheme so that the Rollover Shareholders will be incentivised to contribute to the future development and growth of the Group. As stated in the "Letter from the Board" and the Explanatory Memorandum contained in the Scheme document, the Rollover Shareholders constitute core management members of the Group

and have held various senior positions in the Group. They joined the Group between 1990 and 2007. They have extensive operation expertise and experience in areas including business development and strategy, sales and marketing, engineering and manufacturing in relation to the Group's business, which is considered as a specialised business.

As discussed in the section headed "1.3. Outlook of the Group" above, the outlook of the Group is subject to the challenges and uncertainties faced by the semiconductor industry in the PRC as a result of geopolitical tensions and economic uncertainties. The prospects and future performance of the Group would therefore, to a certain extent, hinge on the capabilities and performance of its management including the Rollover Shareholders and how they formulate and implement the business strategies and react to the market challenges in the future along with the Offeror and the other shareholder of the Offeror i.e. MayAir Technology. The Rollover Arrangement will align the interest of the Rollover Shareholders with the Group, incentivising the Rollover Shareholders to continue contributing to the development and growth of the Group post privatisation.

(ii) Entitlement to receive the Cancellation Price in cash

Pursuant to the Share Swap Agreement, the Rollover Shareholders will, after the Effective Date, transfer the Rollover Shares at the consideration being equivalent to the Cancellation Price per Rollover Share, to the Offeror, in exchange for the allotment and issuance of such number of new shares to be issued by the Offeror (representing approximately 31.61% of the issued and paid-up share capital of the Offeror) to the Rollover Shareholders credited as fully paid. Upon completion of the Share Swap Agreement, the Rollover Shareholders will hold direct interests in the Offeror as to approximately 31.61%, which will be the same as their shareholding in the Company as at the Latest Practicable Date, and as such their effective interest in the Company will be retained.

In contrast, the Disinterested Shareholders are offered an opportunity to realise their shareholdings at the Cancellation Price of HK\$0.25 per Share, which is priced at premiums over recent share prices as discussed in section "3.1 Cancellation Price comparison" above.

(iii) Reduced protection and potential risks associated with adding an investment in an unlisted company

If the Disinterested Shareholders were given the opportunity to retain interests in the Offeror, their interests would no longer be safeguarded by regulations relating to minority protection applicable to listed companies on the Stock Exchange post privatisation. In addition, the Disinterested Shareholders might find it difficult to realise their shareholdings as no public trading in the shares of the Offeror would be available.

(iv) Terms of the Shareholders' Agreement

The Rollover Shareholders and the Offeror have entered into the Shareholders' Agreement in respect of the governance of the Offeror. Based on our review of the terms, we consider that there is no substantial benefit conferred to the Rollover Shareholders under the terms of the Shareholders' Agreement from the perspective of the Disinterested Shareholders. In particular, we noted that the terms do not set out any committed payments to the Rollover Shareholders, nor any commitment on future purchase of the Offeror's shares held by the Rollover Shareholders. Moreover, we are of the view that the transfer restriction under the terms of the Shareholders' Agreement would reduce the liquidity of the Offeror's shares.

Taking into account the factors above, we are of the view that the terms of the Rollover Arrangement are fair and reasonable so far as the Disinterested Shareholders are concerned.

RECOMMENDATION

In arriving at our recommendation in respect of the Proposal and the Scheme, we have considered the principal factors and reasons as discussed above and in particular the following (which should be read in conjunction with and incorporated in the full context of the letter):

- (a) The deterioration in profitability of the Group;
- (b) The impacts of the challenges and uncertainties faced by the semiconductor industry in the PRC as a result of geopolitical tensions and economic uncertainties;
- (c) The Cancellation Price is higher than the closing prices of the Shares on all trading days throughout the Review Period, and represents a premium of approximately 31.3% over the average closing price from the beginning of the Review Period to the Last Trading Day;
- (d) The premiums represented by the Cancellation Price over the closing Share price on the Last Trading Day, the average closing Share prices of the last 5, 30, 60, 120 and 180 trading days up to and including the Last Trading Day are all within the respective ranges of the Privatisation Precedents, and in particular, the premiums represented by the Cancellation Price are higher than the average and/or median of the last 60, 120 and 180 trading days of the Privatisation Precedents;
- (e) Despite the Cancellation Price represents a slight discount of approximately 1.3% and 4.8% as compared with the NAV attributable to Shareholders per Share of the Company as at 31 December 2023 and 30 June 2024 respectively, it is noted that the Shares had been traded at a deeper discount to the NAV per Share during most of the time in the one-year period before the Last Trading Day, which may indicate that the investors might not price the Shares based solely on the value of the Group's NAV and the Shareholders may not be able to realise their investments in the Shares at a price equal to or at a premium over the NAV per Share on market. In addition, the

discount to the Group's NAV attributable to Shareholders as at 30 June 2024 represented by the Cancellation Price is lower than the average and median discounts of the Privatisation Precedents;

- (f) While the Disinterested Shareholders may be attracted to the historical dividend payouts and the dividend policy of the Company, the Company's dividend payout is still subject to various factors including earnings and there is no requirement or assurance that the Company will declare and pay any dividends. In addition, we are of the view that it is possible for the Disinterested Shareholders, if they wish, to reinvest the proceeds from the Proposal in other listed companies in Hong Kong to achieve a similar dividend return; and
- (g) Given that the liquidity of the Shares was thin during the Review Period, it may be difficult for the Disinterested Shareholders to dispose of their Shares in the open market without exerting downward pressure on the Share price.

We consider that the Proposal provides the Disinterested Shareholders with an assured opportunity to exit and monetise their investments in the Company at a fixed Cancellation Price, which is fair and reasonable.

In relation to the special deal relating to the Rollover Arrangement, we are of the view that the Rollover Arrangement, as a condition to the passing of the Proposal and Scheme, is fair and reasonable so far as the Disinterested Shareholders are concerned.

Based on the above, we consider that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of (a) the Scheme at the Court Meeting; (b) the implementation of the Scheme at the EGM; and (c) the Rollover Arrangement at the EGM.

As different Disinterested Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Disinterested Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Noelle Hung
Managing Director

Ms. Noelle Hung is the Managing Director of Quam and is licensed under the SFO as a Responsible Officer to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Noelle Hung has over 20 years of experience in corporate finance.

* For identification purpose only

This Explanatory Memorandum constitutes the memorandum required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 2023 (revised).

**SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)
TO CANCEL ALL THE SHARES
IN CONSIDERATION OF THE OFFEROR AGREEING TO PAY
THE CANCELLATION PRICE FOR EACH SHARE**

1. INTRODUCTION

On 14 October 2024, the Offeror and the Company jointly announced that the Offeror and the Company have entered into the Implementation Agreement pursuant to which the parties have agreed to use all reasonable endeavours to implement the Proposal to be put forward to the holders of Scheme Shares for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act, subject to the satisfaction of the Pre-Conditions and satisfaction or waiver of the Conditions, as applicable, involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the Effective Date, and the withdrawal of the listing of the Shares on the Stock Exchange. On 17 October 2024, the Offeror and the Company issued a clarification announcement in relation to certain shareholding figures of one of the Other Founding Shareholders and resulting changes in the relevant sub-totals and total Shares held by the Offeror Concert Parties (including the Other Founding Shareholders), the Offeror and Offeror Concert Parties together, and the Disinterested Shareholders in the Announcement. On 1 November 2024, the Pre-Conditions had been satisfied.

Under the Scheme, the Scheme Shares will be cancelled in exchange for HK\$0.25 in cash for each Scheme Share. The Rollover Shares will not form part of the Scheme Shares and will not be cancelled. After the Scheme becoming effective, pursuant to the Rollover Agreement, the Rollover Shares will be transferred to the Offeror in exchange for such number of shares to be issued by the Offeror (representing approximately 31.61% of the issued and paid-up share capital of the Offeror) to the Rollover Shareholders credited as fully paid so that the Rollover Shareholders will retain their interest in the Group through the Offeror.

If the Proposal is approved and implemented, under the Scheme, the Scheme Shares will, on the Effective Date, be cancelled and extinguished. Contemporaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled pursuant to the Scheme. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

Upon the completion of the Scheme and the transfers of the Rollover Shares pursuant to the Rollover Agreement, the Company will become wholly-owned by the Offeror.

Having reviewed the Proposal, the Board has resolved to, upon the satisfaction of the Pre-Conditions, put forward the Proposal to the Scheme Shareholders. The Directors who have a conflict of interest, namely (i) Mr. Ng Yew Sum, who is a Rollover Shareholder, being a person acting in concert with the Offeror; (ii) Mr. Law Eng Hock, who is a Rollover Shareholder, being a person acting in concert with the Offeror; and (iii) Mr. Chin Sze Kee, who is a Rollover Shareholder, being a person acting in concert with the Offeror, have abstained from voting in relation to that resolution.

The purpose of this Explanatory Memorandum is to set out the terms and effects of the Proposal (in particular the Scheme and the Rollover Arrangements) and to provide the Scheme Shareholders with further information in relation to the Proposal.

Particular attention is drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix III of this Scheme Document.

2. TERMS OF THE PRE-CONDITIONAL PROPOSAL

Subject to the satisfaction of the Pre-Conditions, the Proposal will be implemented by way of the Scheme. On 1 November 2024, the Pre-Conditions had been satisfied.

The Scheme

The Proposal is to be implemented by way of a scheme of arrangement under Section 86 of the Companies Act.

Under the Scheme, the Scheme Shares will be cancelled in exchange for HK\$0.25 in cash for each Scheme Share. Under the Scheme, the total consideration payable for cancellation of the Scheme Shares will be paid by the Offeror. Contemporaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

If, after the date of the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so

reduced. The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier). As at the Latest Practicable Date, the Company had no declared but unpaid dividends and/or other distribution and/or other return of capital.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Comparison of Value

The Cancellation Price of HK\$0.25 represents:

- a premium of approximately 25.0% over the closing price of HK\$0.200 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 23.8% over the average closing price of approximately HK\$0.202 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- a premium of approximately 26.9% over the average closing price of approximately HK\$0.197 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Date;
- a premium of approximately 30.2% over the average closing price of approximately HK\$0.192 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- a premium of approximately 39.7% over the average closing price of approximately HK\$0.179 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- a premium of approximately 41.2% over the average closing price of approximately HK\$0.177 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;
- a premium of approximately 38.1% over the average closing price of approximately HK\$0.181 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;

- a discount of approximately 1.3% to the Group's net asset value attributable to the Shareholders of approximately HK\$0.2533 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2023, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB321,374,000 (based on the exchange rate of HK\$1: RMB0.90622, the central parity rate published by the People's Bank of China on its website as at 29 December 2023 for illustrative purposes) as at 31 December 2023 and the Shares in issue as at the Latest Practicable Date;
- a discount of approximately 4.8% to the Group's net asset value attributable to the Shareholders of approximately HK\$0.2627 per Share pursuant to the latest unaudited consolidated financial statements of the Company as at 30 June 2024, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB335,670,000 (based on the exchange rate of HK\$1: RMB0.91268, the central parity rate published by the People's Bank of China on its website as at 28 June 2024 for illustrative purposes) as at 30 June 2024 and the Shares in issue as at the Latest Practicable Date;
- a discount of approximately 3.2% to the Group's adjusted net asset value attributable to the Shareholders of HK\$0.2583 per Share, pursuant to the latest unaudited consolidated financial statements of the Company as at 30 June 2024, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB335,670,000 (based on the exchange rate of HK\$1: RMB0.91268, the central parity rate published by the People's Bank of China on its website as at 28 June 2024 for illustrative purposes) as at 30 June 2024 and the Shares in issue as at the Latest Practicable Date, adjusted with reference to the interim dividend declared and paid of HK\$0.0044 per Share; and
- a premium of approximately 5.5% to the closing price of HK\$0.237 per Shares as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price has been determined on an arm's length commercial basis after taking into account the historical prices and trading volume of the Shares on the Stock Exchange, net asset value per Share and recent financial performance of the Company.

Highest and Lowest Prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.238 per Share on 4 to 5 November 2024 and HK\$0.156 per Share on 27 June 2024.

Total Consideration and Financial Resources

Taking into account that the Rollover Shares will not constitute Scheme Shares, and on the assumption that there is no other change in the issued share capital of the Company and no Share Options will be granted by the Company on or before the Scheme Record Date, the Proposal will involve the cancellation of 957,473,450 Scheme Shares, in exchange for the Cancellation Price of HK\$0.25 per Scheme Share in cash. Therefore, the maximum amount of cash consideration payable under the Proposal would be approximately HK\$239,368,362.50.

The Offeror intends to finance the cash requirement for the Proposal through internal resources of MayAir Technology and external debt financing available to the Offeror.

Altus and CMBC, the joint financial advisers to the Offeror in connection with the Proposal, are satisfied that sufficient financial resources are available to the Offeror for discharging its payment obligations in respect of the cash consideration payable under the Proposal.

3. PRE-CONDITIONS TO THE MAKING OF THE PROPOSAL

The making of the Proposal and completion of the Scheme are conditional upon the following Pre-Conditions having been satisfied on or prior to the Pre-Conditions Long Stop Date:

- (a) all necessary internal decision-making procedures and approval and filing procedures in respect of the transactions contemplated under the Proposal having been completed by MayAir Technology, being (i) the approval of the board of directors of MayAir Technology; and (ii) the approval of the shareholders of MayAir Technology at the extraordinary general meeting; and
- (b) with respect to the applicable outbound direct investment laws and regulations, all relevant approvals, registrations, filings, reports (as the case may be), have been obtained from, completed with and/or made to (as the case may be): (i) the National Development and Reform Commission of the PRC; (ii) the Ministry of Commerce of the PRC; and (iii) the State Administration of Foreign Exchange of the PRC, or the respective local authorities or delegates or institutions authorised by each of (i) to (iii).

The Pre-Conditions cannot be waived. On 1 November 2024, the Pre-Conditions had been satisfied.

4. CONDITIONS OF THE PROPOSAL

Upon satisfaction of the Pre-Conditions, the implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders, representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders;
- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to (i) approve and give effect to any reduction of the share capital of the Company on the Effective Date as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and, to the extent necessary, its confirmation of any reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of, and minutes approved by, the Grand Court for registration;
- (e) compliance, to the extent necessary, with the applicable procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Act in relation to any reduction of the issued share capital of the Company;
- (f) (i) the receipt of an opinion from the Independent Financial Adviser confirming that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement;

- (g) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (h) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (i) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company having been obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (j) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, issued, enforced or imposed (including without limitation through interpreting, amending, restating or supplementing) any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries that would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (k) since the Announcement Date, there having been no adverse change in the business, assets, prospects, profits, losses, results of operations, financial position or condition of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or the Scheme).

The Offeror reserves the right to waive Conditions (g), (h), (i), (j) and (k), to the extent permissible by relevant laws and regulations, the Listing Rules and the Takeovers Code, either in whole or in part, either generally or in respect of any particular matter. Conditions (a) to (f) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Conditions.

All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

In respect of Conditions (g) and (h), as at the Latest Practicable Date, the Offeror and the Company were not aware of any necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals required in connection with the implementation of the Proposal and the Scheme. As at the Latest Practicable Date and based on the information available to the Offeror and the Company, other than pursuant to Conditions (a) to (f) (inclusive), the Offeror and the Company were not aware of any circumstances which would result in Conditions (g), (h), (i), (j) and (k) above not being satisfied.

As at the Latest Practicable Date, the Pre-Conditions had been satisfied, none of the Conditions had been fulfilled or waived (as applicable).

Warning: Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived (including the approval of the Rollover Arrangement as a special deal under Rule 25 of the Takeovers Code), as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

5. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares, and the issued share capital of the Company was HK\$14,000,000 divided into 1,400,000,000 Shares. All of the Shares are fully paid and rank pari passu in all respects as regards to rights to capital, dividends and voting. The Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

As at the Latest Practicable Date:

- (a) the Offeror did not hold any Shares;
- (b) the Offeror Concert Parties comprise:
 - (i) the Rollover Shareholders who held in aggregate 442,526,550 Shares, representing approximately 31.61% of the issued share capital of the Company, being the Rollover Shares, which will not form part of the Scheme Shares; and

- (ii) the Other Founding Shareholders who held in aggregate 331,215,150 Shares, representing approximately 23.66% of the issued share capital of the Company, which will form part of the Scheme Shares. These Other Founding Shareholders are acting in concert with Mr. Ng, Mr. Chin and Mr. Law, who are also the Rollover Shareholders pursuant to the AIC Confirmation where they have confirmed that, among others, they have been acting in concert with each other for the entire duration when all of them were/are contemporaneously either the legal and/or beneficial owners of shares in each of the Group companies, and shall continue to centralise the ultimate control and right to make decisions with respect to their interest in the Group's businesses. Accordingly, the Other Founding Shareholders are acting in concert with the Offeror for the purpose of the Takeovers Code.
- (c) Mr. Ng Seng Leong, an independent non-executive Director, held 70,000 Shares, representing approximately 0.01% of the issued share capital of the Company, which will form part of the Scheme Shares and he will be a Disinterested Shareholders;
- (d) other Disinterested Shareholders held in aggregate 626,188,300 Shares, representing approximately 44.72% of the issued share capital of the Company, which will form part of the Scheme Shares; and
- (e) the Scheme Shares, comprising 957,473,450 Shares (being the number of Shares in (b)(ii), (c) and (d) above), represent approximately 68.39% of the issued share capital of the Company.

As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or other securities issued by the Company that carry a right to subscribe for or which were convertible into Shares.

On the assumption that there is no change in shareholdings of the Company from the Latest Practicable Date up to the Effective Date, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal and the transfers of the Rollover Shares pursuant to the Rollover Agreement, and assuming there is no other change in shareholding of the Company before completion of the Proposal:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal and transfers of the Rollover Shares	
	Number of Shares	%	Number of Shares	%
Offeror	—	—	1,400,000,000	100.00
Offeror Concert Parties				
<i>Shares held not subject to the Scheme</i>				
Mr. Ng Yew Sum (Note 1)	340,028,550	24.29	—	—
Mr. Law Eng Hock (Note 1)	60,040,050	4.29	—	—
Mr. Chin Sze Kee (Note 1)	37,091,850	2.65	—	—
Mr. Luah Kok Lam (Note 1)	5,366,100	0.38	—	—
<i>Subtotal</i>	442,526,550	31.61	—	—
<i>Shares held subject to the Scheme</i>				
Mr. Francis Chia Mong Tet (Note 2)	150,803,100	10.77	—	—
Mr. Ng Boon Hock (Note 2)	54,129,750	3.86	—	—
Mr. Chang Chin Sia (Note 2)	39,919,750	2.86	—	—
Ms. Yap Chui Fan (Note 2)	37,911,600	2.71	—	—
Mr. Lim Kai Seng (Note 2)	36,877,050	2.63	—	—
Mr. Phang Chee Kin (Note 2)	6,466,950	0.46	—	—
Mr. Loh Wei Loon (Note 2)	5,106,950	0.36	—	—
<i>Subtotal</i>	331,215,150	23.66	—	—
Aggregate number of Shares of the Offeror and the Offeror Concert Parties	773,741,700	55.27	1,400,000,000 (Note 4)	100.00
Disinterested Shareholders				
Director — Mr. Ng Seng Leong (Note 3)	70,000	0.01	—	—
Other Disinterested Shareholders	626,188,300	44.72	—	—
Aggregate number of Shares of the Disinterested Shareholders	626,258,300	44.73	—	—
Total number of Shares in issue	1,400,000,000	100.00	1,400,000,000	100.00
Total number of Scheme Shares	957,473,450 (Note 5)	68.39	—	—

Notes:

1. The Rollover Shareholders are acting in concert with the Offeror for the purpose of the Takeovers Code as a result of the Rollover Arrangement. The Shares in which the Rollover Shareholders are interested will not form part of the Scheme Shares and will not be cancelled.
2. Pursuant to the AIC Confirmation, the Other Founding Shareholders are acting in concert with Mr. Ng, Mr. Chin and Mr. Law, who are also the Rollover Shareholders. Accordingly, the Other Founding Shareholders are acting in concert with the Offeror for the purpose of the Takeovers Code. However, the Shares in which the Other Founding Shareholders are interested will form part of the Scheme Shares and will be cancelled.
3. Mr. Ng Seng Leong, an independent non-executive Director, held 70,000 Shares as at the Latest Practicable Date. Mr. Ng Seng Leong is not acting in concert with the Offeror.
4. On the assumption that there is no other change in the shareholding of the Company before completion of the Proposal. Under the Scheme, the Scheme Shares will be cancelled and extinguished, and contemporaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror.
5. Scheme Shares are the Shares held by the Shareholders, other than the Rollover Shares.

6. ARRANGEMENTS MATERIAL TO THE PROPOSAL**Implementation Agreement**

On 14 October 2024, the Offeror and the Company entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavours to do all such things within their power to implement the Proposal, subject to the satisfaction of the Pre-Conditions and satisfaction or waiver of the Conditions, as applicable, and cooperate to obtain all approvals required in connection with the Proposal.

Under the Implementation Agreement, the Company has undertaken to the Offeror to:

- (a) use all reasonable endeavours to implement the Scheme; and
- (b) procure that, prior to the earlier of the Effective Date and termination of the Implementation Agreement, unless otherwise approved by the Shareholders in a general meeting in accordance with Rule 4 of the Takeovers Code, the Group shall not take certain actions, including (amongst others):
 - (i) carrying on its business other than in the ordinary and usual course;
 - (ii) issuing, authorising or proposing the issue of any securities or making any change to its share capital, other than in respect of wholly-owned member of the Group or pursuant to the terms of any shareholders' agreement governing any member of the Group;

- (iii) in respect of the Company only, recommending, proposing, declaring, paying or making any bonus issue, dividend or other distribution;
- (iv) entering into any merger or acquiring or disposing of any material assets;
- (v) incurring any indebtedness or creating any encumbrance, other than in the ordinary and usual course of business;
- (vi) creating or agreeing to create any encumbrance over its business or any asset except in the ordinary and usual course of business of the Group; or
- (vii) transferring or assigning to any third party any intellectual property which it owns or has the right of use as at the date of the Implementation Agreement as well as any other intellectual property which it subsequently acquires or obtains the right of use of.

The Company has further undertaken, amongst other things, that it will not, and will procure that no member of the Group shall, directly or indirectly:

- (a) solicit, encourage, or otherwise seek to procure the submission of proposals, indications of interests or offers of any kind which are reasonably likely to lead to an alternative offer from any person other than the Offeror; and
- (b) enter into, or participate in, any discussions or negotiations (other than responding to unsolicited enquiries) with any such person in relation to an alternative offer or provide any due diligence information on the Company and the Group to any third party in connection therewith, save to the extent that, based on the written advice of external legal counsel:
 - (i) the Board reasonably considers that they are likely to be in breach of their directors' duties or statutory duties not to do so; or
 - (ii) they are required to do so under Rule 6 of the Takeovers Code or other applicable laws.

Nothing in the Implementation Agreement is intended to prevent or deprive:

- (a) the Shareholders from having the opportunity to consider; or
- (b) the Company from considering, in each case, any unsolicited alternative offers, proposals or transactions in respect of, or for, the issued ordinary share capital or assets or undertakings (whether the whole or a substantial part) of the Company or the Group from any person other than the Offeror.

The Implementation Agreement will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

Special deal relating to the Rollover Arrangement

The Offeror proposes that the Rollover Shareholders retain their respective interest in the Company through shareholding in the Offeror after the Scheme becomes effective. As part of the Proposal, the Offeror and the Rollover Shareholders have entered into the Rollover Arrangement comprising: (i) the Rollover Agreement; (ii) the Share Swap Agreement; (iii) the Deed of Indemnity; and (iv) the Shareholders' Agreement, pursuant to which after the Scheme becomes effective, the Rollover Shares will be transferred to the Offeror in exchange for such number of shares to be issued by the Offeror (representing approximately 31.61% of the issued and paid-up share capital of the Offeror) to the Rollover Shareholders credited as fully paid so that the Rollover Shareholders will retain their interest in the Group through the Offeror. The Rollover Shareholders, in aggregate, held 442,526,550 Shares (representing approximately 31.61% of the issued share capital of the Company) as at the Latest Practicable Date. Accordingly, the Rollover Shares will not form part of the Scheme Shares.

Information on the Rollover Shareholders

No.	Name	Position	Major responsibilities and contributions to the Group	Number of Shares held	Shareholding percentage (%)
1.	Mr. Ng Yew Sum	Executive Director, Chairman of the Board and director of all of subsidiaries of the Group	Mr. Ng Yew Sum joined the Group in January 1990. He is primarily responsible for overseeing the business operation as well as business development and strategy of the Group.	340,028,550	24.29
2.	Mr. Law Eng Hock	Executive Director, General Manager of China operation of the Group	Mr. Law Eng Hock joined the Group in September 2001 and was primarily responsible for overseeing the overall operations in sales and marketing, engineering as well as manufacturing.	60,040,050	4.29
3.	Mr. Chin Sze Kee	Executive Director and director of certain subsidiaries of the Group	Mr. Chin Sze Kee joined the Group in March 2001 and was primarily responsible for overseeing the overall operations in sales and marketing, engineering as well as the manufacturing operations of the Group in Malaysia.	37,091,850	2.65

No.	Name	Position	Major responsibilities and contributions to the Group	Number of Shares held	Shareholding percentage (%)
4.	Mr. Luah Kok Lam	General Manager (Overseas Operations)	Mr. Luah Kok Lam joined the Group in January 2007 and was primarily responsible for overseeing the overseas business development and marketing of the Group.	5,366,100	0.38

The Offeror is of the view that the Rollover Shareholders have been working with the Group in their respective managerial positions for a long time, and have the industry experience and expertise which will continue to benefit the development of the Group. It is therefore important for the Company to retain each Rollover Shareholder as a member of the management team of the Group and retain their interest in the Group through the Offeror after completion of the Scheme so that their interest are aligned with the Company and the Offeror, and they can and will continue to contribute to the development of the Group.

The following sets out further details of the Rollover Arrangement:

(i) *The Rollover Agreement*

On 14 October 2024, the Offeror and the Rollover Shareholders entered into the Rollover Agreement, pursuant to which:

- (a) subject to the fulfillment of conditions of the Rollover Agreement, the Shares held by the Rollover Shareholders (i) will not form part of the Scheme Shares under the Scheme, and the Rollover Shareholders are not entitled to vote on the Scheme at the Court Meeting; and (ii) will not be cancelled and extinguished when the Scheme becomes effective, and accordingly the Rollover Shareholders will remain as the Shareholders after the Scheme becomes effective;
- (b) after the Scheme becoming effective, the Rollover Shares will then be transferred to the Offeror in exchange for such number of shares to be issued by the Offeror (representing approximately 31.61% of the issued and paid-up share capital of the Offeror) to the Rollover Shareholders credited as fully paid. After completion of the Scheme and the transfers of the Rollover Shares, the Rollover Shareholders will, through the Offeror, hold an indirect interest in the Company;
- (c) each of the Rollover Shareholders has undertaken that (i) he will not, directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Scheme or the Proposal or the withdrawal of listing of Shares on the Stock Exchange or otherwise

conflict with or diminish his obligations under the Rollover Agreement; and (ii) subject to compliance with relevant laws and regulations, he will do all such acts and things and execute all such documents as may be reasonably required by the Offeror to give effect to the undertakings contained in the Rollover Agreement;

- (d) each of the Rollover Shareholders has undertaken that, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by him directly on resolutions in relation to the Scheme which such Rollover Shareholders are entitled to vote in accordance with the Offeror's directions, and in the absence of any such directions, to vote in favour of all resolutions which such Rollover Shareholders are entitled to vote and which are necessary to implement the Scheme proposed at a court meeting and/or a general meeting of the Company, and that he shall be bound by, and take all actions necessary to implement the Scheme; and
- (e) before the Scheme becomes effective, lapses or is withdrawn, the Rollover Shareholders shall not (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by him in the Company; (ii) accept, or give any undertaking (whether conditional or unconditional) to accept, exercise voting rights attached to the Shares held by him to approve or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of such Shares or disposal of material assets of the Company and its subsidiaries by any person other than pursuant to the Scheme; and (iii) directly or indirectly, acquire, subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of the Offeror.

Pursuant to the Rollover Agreement, the Rollover Shareholders and the Offeror will enter into the Share Swap Agreement, the Deed of Indemnity and the Shareholders' Agreement to implement the Rollover Arrangement.

The Rollover Agreement will be terminated upon the earlier of (i) any of the Pre-Conditions is not satisfied on or before the Pre-Conditions Long Stop Date; (ii) when the Scheme lapses or is withdrawn, terminated, rescinded by the Offeror or is finally dismissed, finally refused or finally rejected by the Grand Court; or (iii) the date as the parties thereto otherwise agree in writing (but without prejudice to any accrued liabilities arising prior to such termination).

Conditions of the Rollover Arrangement

The implementation of the Rollover Arrangement is subject to the fulfillment of the following conditions:

- (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned;
- (b) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve, among others, the Rollover Arrangement;
- (c) the Scheme becoming effective; and
- (d) the grant of consent from the Executive in respect of the Rollover Arrangement pursuant to note 3 to Rule 25 of the Takeovers Code.

(ii) The Share Swap Agreement

On 14 October 2024, the Rollover Shareholders and the Offeror entered into the Share Swap Agreement, which shall take effect after the Scheme becoming effective, pursuant to which the Rollover Shareholders will, after the Effective Date, transfer the Rollover Shares, free from all encumbrances and together with all rights that attach (or may in the future attach) to them including, in particular, the right to receive all dividends and distributions declared, made or paid on or after the completion date, at the consideration being equivalent to the Cancellation Price per Rollover Share, to the Offeror, in exchange for the allotment and issuance of such number of new shares to be issued by the Offeror (representing approximately 31.61% of the issued and paid-up share capital of the Offeror) to the Rollover Shareholders credited as fully paid, so that the shareholding of the Rollover Shareholders in the Offeror after the share swap mirrors their shareholding in the Company prior to the Effective Date. The Share Swap Agreement contains certain indemnity by the Rollover Shareholders in favour of the Offeror for breach of certain warranties on, among other things, corporate matters, accounts and taxation matters of the Group as at the Effective Date.

Upon completion of the Share Swap Agreement, the Rollover Shareholders and MayAir Technology will hold direct interests in the Offeror as to approximately 31.61% and 68.39%, respectively. Accordingly, the Rollover Shareholders will, through the Offeror, hold an indirect interest in the Company.

(iii) The Deed of Indemnity

In consideration of the Proposal put forth by the Offeror and the entering into of the Rollover Arrangement by the Offeror, on 14 October 2024, the Rollover Shareholders executed the Deed of Indemnity in favour of the Offeror regarding, among other things, (i) certain warranties on, among other things, corporate matters, accounts and taxation matters of the Group as at the date of the Deed of Indemnity and as at the Effective Date; and (ii) undertakings to (a) vote in favour of all matters necessary for the implementation of the Scheme at the EGM except for matters which the Rollover Shareholders are required to abstain from voting, including the Rollover Arrangement; (b) not to dispose of any Shares held or accept any other offer to acquire such Shares; and (c) not to solicit any person other than the Offeror to make a proposal competing to the Proposal provided that this shall not prevent the Rollover Shareholders from responding to any unsolicited proposals from any person to the extent such response is necessary to comply with the directions, rulings, notices or orders of any relevant governmental authority and any applicable laws.

(iv) The Shareholders' Agreement

On 14 October 2024, the Rollover Shareholders and the Offeror entered into the Shareholders' Agreement, which shall take effect after the completion of the Share Swap Agreement (being after the Effective Date), in respect of the governance of the Offeror. A summary of the key terms of the Shareholders' Agreement is set out below:

- (a) **Board composition.** The board of directors of the Offeror shall comprise not more than three directors: (i) two of which shall be directors nominated by MayAir Technology; and (ii) one of which shall be a director nominated by the Rollover Shareholders for so long as the Rollover Shareholders in aggregate hold no less than 10% of the total number of Offeror shares, being Mr. Ng.
- (b) **Funding.** All further financial requirements of the Group shall be funded by external borrowings and/or shareholders' loan from MayAir Technology (on such terms as may be determined by the board of directors of the Offeror). The lending shareholder shall be entitled to charge a reasonable rate of interest under the prevailing market interest rate.
- (c) **Reserved matters.** No reserved matters may be approved, carried out, taken or implemented by the Offeror unless duly approved by the board of directors of the Offeror or approved with 90% majority votes of shareholders of the Offeror, as the case maybe.

Such reserved matters to be approved with unanimous affirmative vote of the board of directors of the Offeror include, among other things: (i) making any borrowing other than borrowings from its bankers agreed in the approved annual budget; (ii) making any material changes to annual budget; (iii) entering into employment contracts with payment of remuneration in excess of HK\$500,000 or its equivalent per annum but below HK\$2,000,000 or its equivalent per annum or increasing the remuneration of any single person to a rate up to HK\$300,000 per annum; (iv) making any loan or granting any credit or giving any guarantee or indemnity otherwise than in the ordinary course of business; (v) incurring of capital and operating expenditure, other than as approved in the annual budget up to HK\$2,000,000 or its equivalent in any twelve month period; or (vi) entering into any related party transactions with any directors or key management of any members of the Group and/or shareholders of the Offeror.

Such reserved matters to be approved with 90% majority votes of shareholders of the Offeror include, among other things: (i) permitting the registration of any person as a shareholder of the Offeror other than any permitted transferees or the sale or transfer of any shares in the Offeror to any person not being an existing shareholder of the Offeror; (ii) entering into employment contracts with payment of remuneration in excess of HK\$2,000,000 or its equivalent per annum or increasing the remuneration of any single person to a rate in excess of HK\$300,000 or its equivalent per annum; (iii) instituting legal proceedings or settling or compromising any legal proceedings exceeding HK\$200,000 or its equivalent; (iv) changing the auditors of any members of the Group or its financial year end; (v) forming any subsidiary or acquiring any other company or participating in any partnership or joint venture; (vi) any investment in, leasing, licensing or acquisition or disposition of material assets, properties or businesses or business undertaking exceeding HK\$500,000 or its equivalent per transaction or such transaction which would have a material change in the business of the Group; (vii) increasing or reducing the amount of the Offeror's issued share capital; (viii) liquidation or winding up or undertake any amalgamation, merger, reorganisation, reconstruction or consolidation (including debt restructuring) of any member of the Group, or the taking of any step by such entity or its shareholders for the appointment of a receiver, receiver and manager, judicial manager or like officer or the presentation of any petition or passing of any resolution to put such entity into administration or for the winding up of such entity; or (ix) any merger, acquisition, consolidation or reorganisation of any members of the Group or amalgamating or merging with any other company or business undertaking.

- (d) **Pre-emption rights.** Shareholders of the Offeror shall have a pre-emption right in respect to any future issue of any share. A Shareholder shall be entitled to subscribe for or purchase, pro-rata to its shareholding in the Offeror.
- (e) **Tag-along rights.** In the event that MayAir Technology receives an offer for any part of its shares in the Offeror from a bona fide third party purchaser that MayAir Technology wishes to accept and the Rollover Shareholders elect not to exercise their right of first refusal, the Rollover Shareholders shall have the right to require MayAir Technology to procure the third party purchaser to offer to purchase such number of shares in the Offeror held by the Rollover Shareholders on the same terms and conditions as set out in such offer, provided that the third party purchaser executes a deed of adherence to the Shareholders' Agreement.
- (f) **Transfer restriction.** Save with the prior written consent of MayAir Technology, no Rollover Shareholder shall transfer his shares or any part of his interest in the shares in the Offeror except in accordance with the provisions of the Shareholders' Agreement. If there is a transfer of the shares in the Offeror, the relevant selling Rollover Shareholder shall procure the transferee to enter into a deed of adherence to the Shareholders' Agreement.
- (g) **Non-compete and non-solicit.** Each of the Rollover Shareholders warrants and undertakes to MayAir Technology that he will not, and will procure that all companies, entities, joint venture or partnership the management of which he has control will not, without the written consent of MayAir Technology, at any time during a period of three years after the relevant shareholder ceases to be a shareholder of the Offeror, (i) engage in any activities in any countries in competition with the Group's business; (ii) induce or attempt to induce any customer of or supplier to the Group's business to cease or refrain from conducting business with, or to reduce the amount of business conducted with, or to vary adversely the terms upon which it conducts business with the Group, or do any other thing which is reasonably likely to have such an effect; (iii) either on his own account or in conjunction with or on behalf of any person, firm or company, carry on or participate or have an interest in, anywhere in the territory, any business (other than any investment in any company in which it is a passive investor and has no board representation provided that such interest in the equity share capital therein does not exceed 5 per cent of the total issued equity capital of such company) of a type similar to that of the Group's business (or a part thereof) and/or any business which competes directly or indirectly with the Group's business or carry out any activities detrimental to the business of the Group; and (iv) offer employment to, enter into a contract for the services of, or solicit or otherwise attempt to entice away, any employee of any member of the Group or employ or otherwise engage any person who now is or at any time during one year

immediately preceding the relevant shareholder ceases to be a shareholder of the Offeror may have become an employee of any member of the Group and with whom the Rollover Shareholders had contact during his said employment, whether or not such person would commit any breach of his contract of employment by reason of leaving the service of the relevant member of the Group. Such non-compete undertaking does not apply to or restrict the Rollover Shareholders' existing investments in Sum Technic Sdn. Bhd., Sum System Solution Sdn. Bhd., Micronaire Global Sdn. Bhd., and 本濾環境科技江蘇有限公司 (Benew Environmental Technology Co., Ltd.*) and only on the condition that the existing businesses conducted by these companies are not identical to the business of the Group for provision of clean room wall and ceiling systems.

- (h) **Deadlock or default event.** In the event of a deadlock or an event of default by a shareholder of the Offeror and subject to the procedures as specified in the Shareholders' Agreement, either MayAir Technology or the Rollover Shareholders shall be entitled (but not obliged) to serve a notice requiring the defaulting shareholder to sell all or some of the shares in the Offeror held by him to the non-defaulting shareholder at the deadlock price. The deadlock price is the cost price of the shares in the Offeror as set out in the Share Swap Agreement, being the consideration that the Offeror paid to the Rollover Shareholders to transfer the Rollover Shares to the Offeror at the Cancellation Price per Rollover Share in exchange for allotment and issuance of such number of new shares by the Offeror in its issued and paid-up share capital to the Rollover Shareholders credited as fully paid.
- (i) **Termination.** The Shareholders' Agreement shall terminate (i) upon mutual written agreement of all shareholders of the Offeror; (ii) upon the liquidation or making of an order for the winding-up of the Offeror; or (iii) if all the shares in the Offeror being held beneficially by one shareholder only.

Special Deal and Disinterested Shareholders' approval

As the Rollover Arrangement is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and require the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive to the Rollover Arrangement conditional on (i) the Independent Financial Adviser confirming that the Rollover Arrangements are fair and reasonable so far as the Disinterested Shareholders are concerned, and (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement.

Accordingly, as set out in condition (f) of the Proposal and the Scheme, the Proposal and the Scheme are subject to (i) the receipt of an opinion from the Independent Financial Adviser confirming that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement.

The Rollover Shareholders are considered to be acting in concert with the Offeror for the purpose of the Takeovers Code as a result of the Rollover Arrangement, and are therefore not Disinterested Shareholders and will not be voting on the Rollover Arrangement at the EGM. As the Shares held by the Rollover Shareholders will not form part of the Scheme Shares, the Rollover Shareholders are not entitled to vote on the Scheme at the Court Meeting.

Pursuant to the AIC Confirmation, the Other Founding Shareholders are acting in concert with Mr. Ng, Mr. Chin and Mr. Law, who are also the Rollover Shareholders. Accordingly, the Other Founding Shareholders are considered to be acting in concert with the Offeror for the purpose of the Takeovers Code, and are therefore not Disinterested Shareholders and will not be voting on the Rollover Arrangement at the EGM. All Scheme Shareholders (including the Other Founding Shareholders) whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting for the purpose of determining whether the requirements under Condition (a) under section headed “4. Conditions of the Proposal” are satisfied and the Other Founding Shareholders are not required to abstain from voting at the Court Meeting. However, as the Other Founding Shareholders are not Disinterested Shareholders, their votes will not be counted and only the votes of Disinterested Shareholders will be counted for the purpose of determining whether the requirements under Condition (b) under section headed “4. Conditions of the Proposal” (as required under Rule 2.10 of the Takeovers Code) are satisfied.

7. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Ng Seng Leong, Mr. Martin Giles Manen and Mr. Wu Chun Sing, has been established by the Board to make a recommendation, after taking into account the advice and recommendation from the Independent Financial Adviser to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all the non-executive Directors who have no direct or indirect interest in the Proposal other than as a Shareholder.

The Board, with the approval of the Independent Board Committee, has appointed Quam Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable so far as the Disinterested Shareholders are concerned, and accordingly, it advises the Independent Board Committee to recommend to the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Proposal, the Scheme and the Rollover Arrangement is set out in Part V of this Scheme Document.

8. REASONS FOR AND BENEFITS OF THE PROPOSAL

Benefits of the Proposal to the Scheme Shareholders:

The Proposal represents a compelling exit premium under a challenging market environment

The price of the Shares fluctuated over the past 12 months prior to the Announcement Date, with closing prices at between HK\$0.156 and HK\$0.245 levels, affected by a combination of factors including fluctuations of the Group's financial performance, global and PRC macroeconomic cycles as well as volatile equity capital markets performance. As the Group's cleanroom wall and ceiling systems and cleanroom equipment are primarily used in semiconductor product manufacturing facilities, demand for the Group's products also fluctuated along with constantly changing global trade relations and the cyclical outlook of the semiconductor industry in particular.

The Directors believe the Group can better weather these issues and thrive if it operates within a larger group such as MayAir Technology. That being said, given the specialised nature of the sector and geographical region (being predominantly in PRC and in Malaysia) which the Group operates in, potential buyer or opportunities may be hard to come by. The Proposal by MayAir Technology, which is a leading air filtration provider specialist with its manufacturing capabilities and research and development operations in the PRC, Malaysia and Canada, represents an opportunity for the Scheme Shareholders to realise their investment in the Company for cash at an attractive premium over the prevailing market price which can then be redeployed for other usages.

The Cancellation Price represents a premium of approximately 25.0% over the closing price on the Last Trading Day and various premiums ranging between 23.8% and 41.2% over the average closing price of Shares based on the daily closing prices as quoted on the Stock Exchange for 5, 30, 60, 120 and 180 trading days up to and including the Last Trading Date. The Cancellation Price is also above HK\$0.245, being the highest closing price per Share during the 12-month period immediately prior to and including the Last Trading Day.

An opportunity to exit investments with low trading liquidity

The liquidity of Shares has been at a low level over a long period of time. The average daily trading volume of the Shares for the 12-month period immediately prior to and including the Last Trading Date was approximately 276,000 Shares, representing only approximately 0.02% of the issued Shares as at the Latest Practicable Date. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market sales without adversely affecting the price of the Shares. The Scheme allows Scheme Shareholders to realise their investments in the Company at a fixed Cancellation Price.

Benefits of the Proposal to the Offeror and the Company:

The listing status of the Company no longer provides meaningful access to capital

The Company had not conducted any secondary equity fund raising after its listing on the Stock Exchange in October 2020. Despite the Company's efforts to improve investor confidence and market value, trading liquidity of Shares remain low and price of Shares remained subdued. The Company's current listing status no longer sufficiently serves as a source of funding for its long-term growth, and the Directors believe the Company's ability to raise funds in the equity capital markets is limited.

Following the implementation of the Proposal, the Company expects that administrative and management resources needed in maintaining its listing status will substantially reduce and along with the Offeror, it can focus on its business operations.

Along with the Offeror, the Company seeks to formulate long-term strategies which implementation is more flexible if the Company is not publicly listed

As a listed company in Hong Kong, the Company is subject to the Listing Rules which govern, among others, the continuing obligations of listed issuers on the Stock Exchange. Under the Listing Rules, the Company may need to comply with announcement and shareholder approval requirements when it conducts corporate exercises in future in line with its long-term strategies. The requirements of Listing Rules may result in uncertainties and delays in the implementation of these strategies. In addition, Shareholders of different investment horizons may react differently to the Company's corporate actions and exercises which in turn may result in volatility in Share price performance.

The Offeror believes that the successful implementation of the Proposal will provide more flexibility to the Company as a privately-owned business to implement its long term business strategies or to pursue future business opportunities, without being subject to administrative obligations as a listed company and without having to pay attention to short-term market reactions and stock price fluctuations.

9. THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

The Offeror intends to continue the existing business of the Group, which is principally engaged in provision of cleanroom wall and ceiling systems and cleanroom equipment with establishment in the PRC, Malaysia and Philippines. No major changes are expected in the existing principal business of the Group, including any major redeployment of the fixed assets of the Group. The Offeror does not have any plan to make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the Proposal. For the reasons explained above, the Offeror does not intend to continue the listing of the Company on the Stock Exchange.

10. INFORMATION ON THE COMPANY

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose Shares have been listed on the Main Board of the Stock Exchange since 15 October 2020. The Group is principally engaged in provision of cleanroom wall and ceiling systems and cleanroom equipment primarily in the PRC, Malaysia and Philippines.

Your attention is also drawn to Appendix I headed "Financial Information of the Group" and Appendix II headed "General Information" of this Scheme Document.

Based on the published audited consolidated financial statements of the Company prepared in accordance with the Hong Kong Financial Reporting Standards, the table below sets out the financial information of the Group for the two financial years ended 31 December 2023 and six months ended 30 June 2024:

	For the year ended 31 December		For the six months ended 30 June
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)
Revenue	462,907	356,570	176,464
Profit before tax	93,677	68,984	26,479
Profit after tax	75,410	54,859	21,983

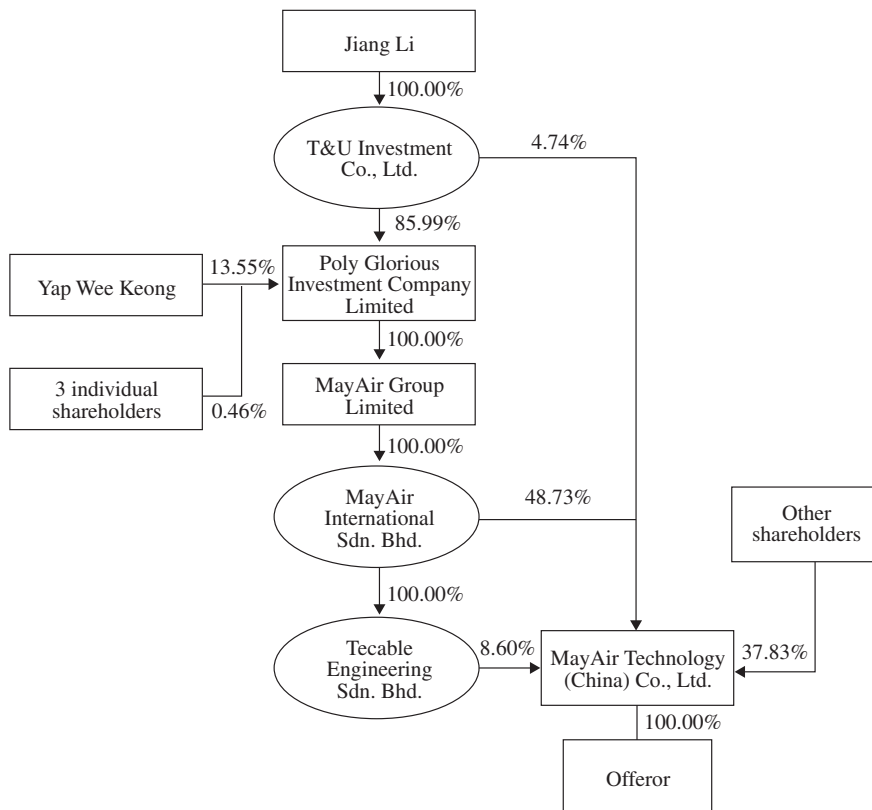
As at 30 June 2024, the unaudited consolidated net asset value of the Company was approximately RMB335.7 million (equivalent to approximately HK\$367.8 million).

11. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability on 23 August 2024. The Offeror is an investment holding Company which was set up for the implementation of the Proposal. As at the Latest Practicable Date, the Offeror is wholly-owned by MayAir Technology, the shares of which are listed on the Shanghai Stock Exchange STAR Market since 18 November 2022. MayAir Technology being a leading air filtration provider specialist in its industries particularly in semiconductors, biopharmaceuticals, public health care, industrial dust removal, volatile organic compounds (VOCs) treatment markets with the full spectrum of principal activities ranging from research and development, trading and manufacturing and after sales services with an aim to promote cleantech development and to improve global air quality. As at the Latest Practicable Date, MayAir Technology is ultimately controlled by Mr. Jiang Li in respect of a shareholding of approximately 62.07% through three companies, namely, directly through T&U Investment Co., Ltd. as to approximately 4.74%, and indirectly through MayAir International Sdn. Bhd. and Tecable Engineering Sdn. Bhd. as to approximately 48.73% and 8.60%, respectively. He has been a director of MayAir Technology since July 2019 and has been nominated as the chairman of MayAir Technology since March 2020. He is the founder, chairman and director of Nanjing TICA Air-Conditioning Co., Ltd.* (南京天加空調設備有限公司), which was later renamed as Nanjing TICA Climate Solutions Co., Ltd.* (南京天加環境科技有限公司) since 1999. He is also a director of Guangzhou Smardt Chiller Manufacturing Co., Ltd.* (廣州思茂特冷凍設備製造有限公司) since January 2021. He is a member of the National Standardization Technical Committee* (全國專業標準化技術委員會). Mr. Jiang is currently an independent non-executive director of Chervon Holdings Limited (stock code: 2285), a company listed on the Main Board of the Stock Exchange, since 8 December 2021.

The major shareholders of MayAir Technology, namely, T&U Investment Co., Ltd., MayAir International Sdn. Bhd. and Tecable Engineering Sdn. Bhd., has irrevocably undertaken that it will vote in favour of the resolution(s) to be proposed at the general meeting of shareholders of MayAir Technology to approve the transactions contemplated under the Proposal. On 14 October 2024 and 30 October 2024, MayAir Technology has obtained the approval of its board of directors and the approval of its shareholders at the extraordinary general meeting approving the transactions contemplated under the Proposal, respectively.

The chart below sets out the simplified shareholding structure of the Offeror as at the Latest Practicable Date:



Upon completion of the Proposal and the transfers of the Rollover Shares pursuant to the Rollover Agreement and assuming that there is no other change in shareholding of the Company before completion of the Proposal, the Offeror will have 2,914 issued shares, and will be held as to approximately 68.39% by MayAir Technology, approximately 24.29% by Mr. Ng Yew Sum, approximately 4.29% by Mr. Law Eng Hock, approximately 2.65% by Mr. Chin Sze Kee and approximately 0.38% by Mr. Luah Kok Lam.

12. INFORMATION ON THE OFFEROR CONCERT PARTIES

The Rollover Shareholders

Mr. Ng Yew Sum is an executive Director and chairman of the Board, and a director of all subsidiaries of the Group. Mr. Ng is acting in concert with the Offeror due to his involvement in the discussions relating to the Proposal and as a Rollover Shareholder. As at the Latest Practicable Date, Mr. Ng held 340,028,550 Shares, representing approximately 24.29% of the issued share capital of the Company. The Shares held by Mr. Ng will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective.

Mr. Law Eng Hock is an executive Director and general manager of the China operation of the Group. Mr. Law is acting in concert with the Offeror due to his involvement in the discussions relating to the Proposal and as a Rollover Shareholder. As at the Latest Practicable Date, Mr. Law held 60,040,050 Shares, representing approximately 4.29% of the issued share capital of the Company. The Shares held by Mr. Law will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective.

Mr. Chin Sze Kee is an executive Director and a director of certain subsidiaries of the Group. Mr. Chin is acting in concert with the Offeror due to his involvement in the discussions relating to the Proposal and as a Rollover Shareholder. As at the Latest Practicable Date, Mr. Chin held 37,091,850 Shares, representing approximately 2.65% of the issued share capital of the Company. The Shares held by Mr. Chin will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective.

Mr. Luah Kok Lam is the General Manager (Overseas Operations) ^(Note). Mr. Luah is acting in concert with the Offeror due to his involvement in the discussions relating to the Proposal and as a Rollover Shareholder. As at the Latest Practicable Date, Mr. Luah held 5,366,100 Shares, representing approximately 0.38% of the issued share capital of the Company. The Shares held by Mr. Luah will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective.

Note: Mr. Luah Kok Lam is currently the General Manager (Overseas Operations), with his previous position as “the assistant general manager of the Group” inadvertently stated in pages 29 and 39 of the Announcement.

Other Founding Shareholders

Pursuant to the AIC Confirmation, the Other Founding Shareholders, namely, Mr. Francis Chia Mong Tet, Mr. Lim Kai Seng, Mr. Chang Chin Sia, Mr. Ng Boon Hock, Ms. Yap Chui Fan, Mr. Loh Wei Loon and Mr. Phang Chee Kin, are acting in concert with Mr. Ng, Mr. Chin and Mr. Law. They have confirmed that, among others, they have been acting in concert with each other for the entire duration when all of them were/are contemporaneously either the legal and/or beneficial owners of shares in each of the Group companies, and shall continue to centralise the ultimate control and right to make decisions with respect to their interest in the Group's businesses. Accordingly, the Other Founding Shareholders are considered to be acting in concert with the Offeror for the purpose of the Takeovers Code due to Mr. Ng's, Mr. Chin's and Mr. Law's involvement in the discussions relating to the Proposal and as Rollover Shareholders. The Shares held by the Other Founding Shareholders will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.

13. ACTIONS TO BE TAKEN

The summary of actions to be taken by the Shareholders can be found in Part II of this Scheme Document headed "Actions to be taken".

14. REQUIREMENTS UNDER COMPANIES ACT AND THE TAKEOVERS CODE

The Companies Act

Pursuant to Section 86 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be held in such manner as the Grand Court directs.

Section 86(2A) of the Companies Act states that if 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting or meetings, as the case may be, held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

The Grand Court has convened a meeting of the Scheme Shareholders at which the Scheme needs to be approved by not less than 75% in value of the Scheme Shares held by the Scheme Shareholders, present and voting either in person or by proxy at the Court Meeting.

Additional Requirements as Imposed by Rule 2.10 of the Takeovers Code

In addition to satisfying any requirements imposed by law as summarised above, Rule 2.10 of the Takeovers Code requires, except with the consent of the Executive, that the Scheme may only be implemented if:

- (a) the Scheme is approved by at least 75% of the votes attaching to the disinterested Shares that are cast either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all disinterested Shares.

15. SCHEME SHARES, COURT MEETING AND EGM

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting, provided that only votes of Disinterested Shareholders will be counted for the purpose of determining whether the requirements under Condition (b) of the section headed “4. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied. The Scheme will be subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in the section headed “4. Conditions of the Proposal” of this Explanatory Memorandum.

As at the Latest Practicable Date:

- (a) the Offeror did not hold any Shares;
- (b) the Rollover Shareholders held an aggregate of 442,526,550 Rollover Shares representing approximately 31.61% of the issued share capital of the Company. The Rollover Shares will not constitute part of the Scheme Shares; and
- (c) the Other Founding Shareholders held an aggregate of 331,215,150 Shares representing approximately 23.66% of the issued share capital of the Company. These Shares held by the Other Founding Shareholders will constitute part of the Scheme Shares.

As the Shares held by the Rollover Shareholders will not form part of the Scheme Shares, the Rollover Shareholders are not entitled to vote on the Scheme at the Court Meeting. All Scheme Shareholders (including the Other Founding Shareholders) whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting for the purpose of determining whether the requirements under Condition (a) under section headed “4. Conditions of the Proposal” are satisfied and the Other Founding Shareholders are not required to abstain from voting at the Court Meeting. However, as the Other Founding Shareholders are not Disinterested Shareholders, their votes will not be counted and only the votes of Disinterested Shareholders will be counted for the purpose of determining whether the requirements under Condition (b) of the section headed “4. Conditions of the Proposal” of this Explanatory Memorandum (as required under Rule 2.10 of the Takeovers Code) are satisfied.

The Offeror, each of the Rollover Shareholders and each of the Other Founding Shareholders will not be able to vote on the Rollover Arrangement at the EGM.

The Offeror has undertaken to the Grand Court that it will be bound by the Scheme, and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to the Scheme.

All Shareholders will be entitled to attend the EGM and vote on (A) the special resolution to: (i) approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror; and (B) the ordinary resolution to authorise the Directors to do all acts and things and/or execute all such documents as considered by them to be necessary for or desirable in connection with the implementation of the Proposal and the Scheme, including (without limitation) (i) the making of an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange, subject to the Scheme taking effect; (ii) any reduction of the issued share capital of the Company; (iii) the allotment and issue of the Shares to the Offeror; and (iv) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme or the reduction of capital, which the Grand Court of the Cayman Islands may see fit to impose and to do all other acts and things and/or execute all such other documents considered by them to be necessary for or desirable in connection with the implementation of the Scheme.

The Offeror Concert Parties (including the Rollover Shareholders and the Other Founding Shareholders) have indicated that they will abstain from voting at the Court Meeting and the EGM. Neither the Offeror nor the Offeror Concert Parties (including the Rollover Shareholders and the Other Founding Shareholders) will vote on the Rollover Arrangement at the EGM.

Notice of the Court Meeting is set out in Appendix IV of this Scheme Document. The Court Meeting will be held at 9:15 a.m. on Thursday, 12 December 2024 at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

Notice of the EGM is set out in Appendix V of this Scheme Document. The EGM will be held at 9:45 a.m. (or, if later, as soon thereafter as the Court Meeting shall have been concluded or been adjourned) on Thursday, 12 December 2024 at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

Results of the Court Meeting and the EGM

A joint announcement will be made by the Company and the Offeror on the results of the Court Meeting and the EGM no later than 7:00 p.m. (Hong Kong time) on Thursday, 12 December 2024.

Closure of the Register of Members of the Company

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 9 December 2024 to Thursday, 12 December 2024 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 6 December 2024. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting or the EGM.

Binding Effect of the Scheme

When all of the Conditions set out in the section headed "4. Conditions of the Proposal" of this Explanatory Memorandum are fulfilled or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders regardless of how (or whether) they voted at the Court Meeting or EGM.

16. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules with effect immediately one business day after the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

17. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company, and:

- (a) no Scheme Shares will be cancelled or extinguished, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules;
- (b) the listing of the Shares on the Stock Exchange will not be withdrawn; and
- (c) there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.

18. REGISTRATION AND PAYMENT**Latest time for lodging transfers of Shares**

In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that their Shares are registered or lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, for registration in their own name before 4:30 p.m. on Thursday, 19 December 2024.

Payment of the Cancellation Price to Scheme Shareholders

Subject to the Scheme becoming effective, the Cancellation Price will be paid to the Scheme Shareholders whose names appear on the register of members of the Company on the Scheme Record Date as soon as possible but in any event within seven business days (as defined in the Takeovers Code) following the Effective Date. On the basis that the Scheme becomes effective on Monday, 6 January 2025 (Cayman Islands time), the cheques for the payment of the Cancellation Price are expected to be despatched on or before Wednesday, 15 January 2025.

Cheques for the payment of the Cancellation Price will be sent by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses on the register of members of the Company or, in the case of joint holders, to the registered address of that joint holder whose name first appears on the register of members of the Company in respect of the joint holding. All such cheques will be sent at the risk of the persons entitled thereto and none of the Offeror, the Company, Altus, CMBC, the Independent Financial Adviser and the Branch Share Registrar and

their respective nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be liable for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold all monies in respect of uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and any expenses incurred.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Upon the Scheme becoming effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all of the Scheme Shares and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Monday, 6 January 2025 (Cayman Islands time).

19. OVERSEAS SHAREHOLDERS

General

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong and the Cayman Islands, the Takeovers Code and the Listing Rules, and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdictions.

This Scheme Document is not intended to, and does not, constitute or form part of, an offer to buy or sell any securities or the solicitation of an offer to buy or subscribe for securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements.

The Offeror and the Company do not represent that this Scheme Document may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Offeror and the Company which is intended to permit a public offering or the distribution of this Scheme Document in any jurisdiction (other than Hong Kong) where action for that purpose is required. Accordingly, it is prohibited to (i) copy, distribute or publish all or part of this Scheme Document or any advertisement or other offering material in any jurisdiction and (ii) disclose its content or (iii) use information contained therein for any purpose other than assessment of the Proposal, unless the information is already publicly available in another form.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdictions. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons. Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including Altus and CMBC) that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

As at the Latest Practicable Date, save for one Shareholder in the United States of America who held 41,506,500 Shares (representing approximately 2.96% of the total issued share capital of the Company), there was no Shareholder (other than Rollover Shareholders) whose addresses as shown in the register of members of the Company was outside Hong Kong.

Notice to US Investors

The Proposal is being made to cancel the securities of a company incorporated in the Cayman Islands by means of a scheme of arrangement provided for under the laws of the Cayman Islands and is subject to Hong Kong disclosure requirements which are different from those of the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the US federal securities laws.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of his Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him/her/it.

It may be difficult for US holders of Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

20. TAXATION ADVICE

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal or the Scheme. It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company and Altus and CMBC or any of their respective ultimate beneficial owners, directors, officers, employees, agents, affiliates, advisers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or the Scheme.

21. COSTS OF THE SCHEME

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by the Independent Financial Adviser, Rule 2.3 of the Takeovers Code is not applicable.

All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or their advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Proposal will be shared between the Offeror and the Company equally.

22. RECOMMENDATION

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement as set out in the letter from the Independent Board Committee in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme and the Rollover Arrangement as set out in the letter from the Independent Financial Adviser in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal, the Scheme and the Rollover Arrangement.

23. ADDITIONAL INFORMATION

Additional information in relation to the Proposal is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, Altus, CMBC, the Independent Financial Adviser, and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal have authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

24. LANGUAGE

In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

1. FINANCIAL SUMMARY

The following summary financial information for each of the three years ended 31 December 2021, 2022 and 2023 is extracted from the annual reports of the Company for the years ended 31 December 2021 (the “**2021 Annual Report**”), 2022 (the “**2022 Annual Report**”) and 2023 (the “**2023 Annual Report**”), and the interim reports of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”) and 30 June 2024 (the “**2024 Interim Report**”) respectively.

The audited consolidated financial statements of the Group for the years ended 31 December 2021, 2022 and 2023, have been audited by Grant Thornton Hong Kong Limited, did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Summary of Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December			For the six months ended	
	2021	2022	2023	2023	2024
	Audited <i>RMB'000</i>	Audited <i>RMB'000</i>	Audited <i>RMB'000</i>	Unaudited <i>RMB'000</i>	Unaudited <i>RMB'000</i>
Revenue	267,549	462,907	356,570	144,157	176,464
Cost of sales	(172,242)	(313,310)	(243,629)	(92,581)	(130,634)
Gross profit	95,307	149,597	112,941	51,576	45,830
Other income	2,577	5,311	3,162	2,526	990
Other gains and losses	1,302	4,557	2,820	2,380	2,284
Selling and distribution costs	(11,392)	(16,896)	(7,890)	(1,300)	(3,650)
Administrative and other operating expenses	(35,517)	(37,840)	(30,180)	(12,995)	(12,779)
(Provision for)/Reversal of credit losses of trade receivables, net	—	3,265	(542)	(1,448)	171
(Provision for)/Reversal of credit losses of contract assets, net	—	445	(2,717)	1,758	(1,557)
Research and development expenses	(8,256)	(12,032)	(7,453)	(2,651)	(3,948)
Finance costs	(697)	(2,730)	(1,157)	(511)	(862)
Profit before income tax	43,324	93,677	68,984	39,335	26,479
Income tax expense	(8,630)	(18,267)	(14,125)	(8,333)	(4,496)
Profit for the year/period	34,694	75,410	54,859	31,002	21,983

	For the year ended 31 December			For the six months ended	
	2021	2022	2023	30 June	
	Audited RMB'000	Audited RMB'000	Audited RMB'000	Unaudited RMB'000	Unaudited RMB'000
Other comprehensive income/ (expense)					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Surplus on revaluation of freehold land and building held for own use	(449)	1,009	501	113	—
Deferred tax arising from revaluation of freehold land and building	101	(242)	(120)	(27)	—
	<u>(348)</u>	<u>767</u>	<u>381</u>	<u>86</u>	<u>—</u>
<i>Item that will be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations	(8,610)	6,501	(331)	(500)	(843)
Other comprehensive income for the year/period, net of tax	(8,958)	7,268	50	(414)	(843)
Total comprehensive income for the year/period	25,736	82,678	54,909	30,588	21,140
Profit for the year/period attributable to:					
Equity holders of the Company	34,634	74,955	54,609	30,820	21,868
Non-controlling interests	60	455	250	182	115
	<u>34,694</u>	<u>75,410</u>	<u>54,859</u>	<u>31,002</u>	<u>21,983</u>

	For the year ended 31 December			For the six months ended	
				30 June	
	2021	2022	2023	2023	2024
	Audited	Audited	Audited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total comprehensive income for the year/period attributable to:					
Equity holders of the Company	25,676	82,223	54,659	30,406	21,025
Non-controlling interests	60	455	250	182	115
	<u>25,736</u>	<u>82,678</u>	<u>54,909</u>	<u>30,588</u>	<u>21,140</u>

Earnings per share for profit attributable to equity holders of the Company

Basic and diluted (RMB cents)	2.47	5.35	3.90	2.20	1.56
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	For the year ended 31 December			For the six months ended	
				30 June	
	2021	2022	2023	2023	2024
Dividends to equity holders (RMB)					
	7,438 ^{Notes 1&2}	16,595 ^{Notes 2&3}	24,153 ^{Notes 3&4}	14,341 ^{Notes 3&4}	6,838 ^{Notes 4&5}
Dividends per share (HK\$ cents)					
	0.95 ^{Note 2}	1.87 ^{Note 3}	1.28 ^{Note 4}	0.75 ^{Note 4}	0.44 ^{Note 5}

Notes:

- (1) A final dividend in respect of the year ended 31 December 2020 of HK\$0.0036 per Share was declared by the Board and was paid to the Shareholders in June 2021.
- (2) For the financial year ended 31 December 2021,
 - (i) an interim dividend in respect of the six months ended 30 June 2021 of HK\$0.0028 per Share was declared and paid within the same financial year; and
 - (ii) a final dividend in respect of the year ended 31 December 2021 of HK\$0.0067 per Share was declared by the Board and was paid to the Shareholders in June 2022.
- (3) For the financial year ended 31 December 2022,
 - (i) an interim dividend in respect of the six months ended 30 June 2022 of HK\$0.0071 per Share was declared and paid within the same financial year;
 - (ii) the special dividend announced on 15 February 2023 of HK\$0.0046 per Share was declared and paid in March 2023 and for purposes of calculating the dividend per share, counted for the year ended 31 December 2022; and

- (iii) a final dividend in respect of the year ended 31 December 2022 of HK\$0.0070 per Share declared by the Board and was paid to the Shareholders in June 2023.
- (4) For the financial year ended 31 December 2023,
 - (i) an interim dividend in respect of the six months ended 30 June 2023 of HK\$0.0075 per Share was declared and paid within the same financial year; and
 - (ii) a final dividend in respect of the year ended 31 December 2023 of HK\$0.0053 per Share was declared by the Board and was paid to the Shareholders in June 2024.
- (5) An interim dividend in respect of the six months ended 30 June 2024 of HK\$0.0044 per Share was declared and paid in October 2024.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows (if provided) and any other primary statement as shown in (a) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”); (b) the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”); (c) the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Financial Statements**”); (d) the unaudited financial statements of the Group for the six months ended 30 June 2023 (the “**2023 Interim Financial Statements**”); and the unaudited financial statements of the Group for the six months ended 30 June 2024 (the “**2024 Interim Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2021 Financial Statements can be found on pages 65 to 72 of the 2021 Annual Report published on 27 April 2022.

The 2021 Annual Report is posted on the Company’s website at www.channelmicron.com. Please also see below a direct link to the 2021 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042701283.pdf>

The 2022 Financial Statements can be found on pages 104 to 111 of the 2022 Annual Report published on 27 April 2023.

The 2022 Annual Report is posted on the Company’s website at www.channelmicron.com. Please also see below a direct link to the 2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042702749.pdf>

The 2023 Financial Statements can be found on pages 103 to 110 of the 2023 Annual Report published on 25 April 2024.

The 2023 Annual Report is posted on the Company's website at www.channelmicron.com. Please also see below a direct link to the 2023 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042500578.pdf>

The 2023 Interim Financial Statements can be found on pages 24 to 31 of the 2023 Interim Report published on 19 September 2023.

The 2023 Interim Report is posted on the Company's website at www.channelmicron.com. Please also see below a direct link to the 2023 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0919/2023091900418.pdf>

The 2024 Interim Financial Statements can be found on pages 24 to 31 of the 2024 Interim Report published on 19 September 2024.

The 2024 Interim Report is posted on the Company's website at www.channelmicron.com. Please also see below a direct link to the 2024 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0919/2024091900844.pdf>

The 2021 Financial Statements (but not any other part of the 2021 Annual Report), the 2022 Financial Statements (but not any other part of the 2022 Annual Report), the 2023 Financial Statements (but not any other part of the 2023 Annual Report), the 2023 Interim Financial Statements (but not any other part of the 2023 Interim Report), and the 2024 Interim Financial Statements (but not any other part of the 2024 Interim Report) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

No figures are not comparable to a material extent because of a change in accounting policy for the last three financial years and two interim periods.

3. STATEMENT OF INDEBTEDNESS

As at 30 September 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the despatch of this Scheme Document, the indebtedness of the Group was as follows:

Interest-bearing bank and other borrowings

As at 30 September 2024, the Group had unsecured interest-bearing bank borrowings which were not guaranteed amounting to approximately RMB30.0 million and secured interest-bearing bank borrowings which were guaranteed by the Company amounting to approximately RMB42.0 million. The secured interest-bearing bank borrowings were secured by legal charges over the Group's freehold land and building.

Pledge of assets

As at 30 September 2024, approximately RMB1.2 million of the Group's bank deposits were pledged for the purpose of the performance, retention monies and advance payment guarantee in respect of the cleanroom projects.

Lease liabilities

As at 30 September 2024, the Group had current and non-current lease liabilities amounting to approximately RMB3.1 million and RMB1.4 million, respectively.

Save as aforesaid or as otherwise disclosed in this section headed "3. Statement of indebtedness" in this Appendix I, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any other debt securities, bank overdrafts or loans, or other similar indebtedness, mortgages, charges, guarantees, material capital commitments or other material contingent liabilities outstanding as at the close of business on 30 September 2024.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 30 September 2024, up to and including the Latest Practicable Date.

4. MATERIAL CHANGES

The Directors confirm that, save as those disclosed in the 2024 Interim Report, in particular, (a) the decrease in gross profit margin for the cleanroom wall and ceiling systems segment by approximately 10.4 percentage points for the six months ended 30 June 2024 as compared to the corresponding period of 2023; (b) the decline in net profit by approximately 29.1% for the six months ended 30 June 2024 as compared to the corresponding period of 2023; and (c) the delays in construction progress of the new production facility in Malaysia, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

As at the Latest Practicable Date, the directors of the Offeror are Mr. Yap Wee Keong and Ms. Chin Kim Fa. As at the Latest Practicable Date, the directors of MayAir Technology are Mr. Jiang Li, Mr. Qi Wei, Mr. Yap Wee Keong and Ms. Chin Kim Fa, and the independent directors of MayAir Technology are Mr. Shen Jinming, Mr. Wang Yao and Mr. Wang Hao. The directors of the Offeror and MayAir Technology jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

As at the Latest Practicable Date, the Board comprises Mr. Ng Yew Sum, Mr. Chin Sze Kee and Mr. Law Eng Hock as executive Directors, and Mr. Ng Seng Leong, Mr. Martin Giles Manen and Mr. Wu Chun Sing as independent non-executive Directors. The Directors jointly and severally accept full responsibility for accuracy of the information contained in this Scheme Document (other than relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the respective directors of the Offeror and MayAir Technology) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the number of authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each;
- (b) the Company had 1,400,000,000 Shares in issue;
- (c) all of the Shares currently in issue rank *pari passu* in all respects including as to capital, dividends and voting;
- (d) no Shares had been issued by the Company since 31 December 2023 (being the end of the last financial year of the Company); and
- (e) the Company did not have any outstanding options, warrants or conversion rights affecting the Shares.

3. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange (i) on the last trading day of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	Closing price per Share HK\$
30 April 2024	0.179
31 May 2024	0.185
28 June 2024	0.165
31 July 2024	0.162
30 August 2024	0.200
30 September 2024	0.194
8 October 2024 (being the Last Trading Day)	0.200
31 October 2024	0.227
15 November 2024 (being the Latest Practicable Date)	0.237

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.238 per Share on 4 to 5 November 2024 and HK\$0.156 per Share on 27 June 2024.

4. DISCLOSURE OF INTERESTS

4.1. Directors' interests and short positions in the Shares and shares in the Company's associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or shares and debentures of any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, or required to be disclosed under the Takeovers Code were as follows:

(i) Interests in the Company

Name of Director/ chief executive	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Ng Yew Sum	Beneficial owner	340,028,550	24.29
Mr. Law Eng Hock	Beneficial owner	60,040,050	4.29
Mr. Chin Sze Kee	Beneficial owner	37,091,850	2.65
Mr. Ng Seng Leong	Beneficial owner	70,000	0.01

(ii) Interests in the associated corporation

Name of Director/ chief executive	Name of associated corporation	Nature of interest	Number of Shares	Approximate percentage of shareholding (%)
Mr. Ng Yew Sum	Micron Cleanroom (Philippines), Inc.	Beneficial owner	1,000	0.01
Mr. Chin Sze Kee	Micron Cleanroom (Philippines), Inc.	Beneficial owner	1,000	0.01

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company or shares and debentures of any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, or required to be disclosed under the Takeovers Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests in any Shares, convertible securities, warrants, options or derivatives of the Company.

As at the Latest Practicable Date, save as disclosed above and in the Explanatory Memorandum, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 or Part XV of the SFO.

4.2. Interests and short positions of the Offeror, the Offeror Concert Parties and other substantial Shareholders in the Shares

As at the Latest Practicable Date, Shareholders (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Substantial Shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the issued share capital of the Company (%)
Ms. Yap Fui Lee (<i>Note 1</i>)	Interest of spouse	340,028,550	24.29
Mr. Francis Chia Mong Tet (“Mr. Chia”) (<i>Note 2</i>)	Founder of discretionary trust and beneficial owner	150,803,100	10.77
Ms. Yau Ah Lan @ Fara Yvonne (<i>Note 2</i>)	Interest of spouse	150,803,100	10.77
DBS Trustee Limited (<i>Note 2</i>)	Trustee of a trust	143,873,100	10.27
Mr. Douglas Frederick Bockmiller (<i>Notes 3 to 5</i>)	Beneficial owner, interest of controlled corporation and interest of spouse	186,027,100	13.28
Mrs. Lauren Lindquist Bockmiller (<i>Notes 3 to 5</i>)	Beneficial owner, founder of a discretionary trust, interest of controlled corporation and interest of spouse	186,027,100	13.28

Notes:

- Ms. Yap Fui Lee is the spouse of Mr. Ng. By virtue of the SFO, she is deemed to be interested in Mr. Ng’s Shares.

2. Mr. Chia held 6,930,000 Shares as beneficial owner.

DBS Trustee Limited, the trustee of THE ANF HAUS TRUST, in its capacity as trustee holds the entire issued share capital of Chempenai Haus Limited which held 143,873,100 Shares. Mr. Chia is a cofounder, settlor and beneficiary of THE ANF HAUS TRUST together with his spouse, Ms. Yau Ah Lan @ Fara Yvonne. By virtue of the SFO, Mr. Chia and Ms. Yau Ah Lan @ Fara Yvonne are deemed to be interested in the shares held by THE ANF HAUS TRUST through Chempenai Haus Limited.

3. Mr. Douglas Frederick Bockmiller held 20,958,700 Shares as beneficial owner.

Each of Channel Systems Inc. and Pacific Panels Inc. held 51,404,850 Shares. They are owned by Mr. Douglas Frederick Bockmiller as to 45% and 50%, respectively. By virtue of the SFO, Mr. Douglas Frederick Bockmiller is deemed to be interested in the Shares held by Channel Systems Inc. and Pacific Panels Inc.

4. Mrs. Lauren Lindquist Bockmiller held 32,258,700 Shares as beneficial owner.

Graham Bockmiller Irrevocable Family Trust (the “**Graham Trust**”) held 30,000,000 Shares. As Mrs. Lauren Lindquist Bockmiller maintains certain rights and powers over the Graham Trust, by virtue of the SFO, she is deemed to be interested in the shares held by the Graham Trust.

Channel Systems Inc. held 51,404,850 Shares. It is owned by Mrs. Lauren Lindquist Bockmiller as to 55%. By virtue of the SFO, Mrs. Lauren Lindquist Bockmiller is deemed to be interested in the Shares held by Channel Systems Inc.

5. Mr. Douglas Frederick Bockmiller and Mrs. Lauren Lindquist Bockmiller are spouses of each other. By virtue of the SFO, they are deemed to be interested in each other’s Shares. Mr. Douglas Frederick Bockmiller and Mrs. Lauren Lindquist Bockmiller are each interested in 186,027,100 Shares comprising: (i) 20,958,700 Shares held by Mr. Douglas Frederick Bockmiller; (ii) 51,404,850 Shares held by Channel Systems Inc.; (iii) 51,404,850 Shares held by Pacific Panels Inc.; (iv) 32,258,700 Shares held by Mrs. Lauren Lindquist Bockmiller; and (v) 30,000,000 Shares held by Graham Trust.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who (a) had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or (b) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

As at the Latest Practicable Date, save for the existing shareholding of the Offeror Concert Parties as set out in the section headed “5. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document, none of the Offeror, its directors or the Offeror Concert Parties (including but not limited to the Rollover Shareholders) had any interest in, owned or controlled any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

4.3. Dealings in the securities of the Company

(a) During the Relevant Period:

(i) save as disclosed below in respect of one of the Rollover Shareholders and one of the Other Founding Shareholders, none of the Offeror and the Offeror Concert Parties had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares:

Name	Date of transaction	Nature of dealing	No. of Shares involved	Price per Share HK\$
Mr. Ng Yew Sum	2/7/2024	Purchase of Shares	70,000	0.155
Mr. Chang Chin Sia	13/8/2024	Sale of Shares	440,000	0.181
Mr. Chang Chin Sia	14/8/2024	Sale of Shares	250,000	0.186
Mr. Chang Chin Sia	19/8/2024	Sale of Shares	20,000	0.190
Mr. Chang Chin Sia	28/8/2024	Sale of Shares	250,000	0.199
Mr. Chang Chin Sia	29/8/2024	Sale of Shares	900,000	0.199
Mr. Chang Chin Sia	30/8/2024	Sale of Shares	350,000	0.200
Mr. Chang Chin Sia	2/9/2024	Sale of Shares	300,000	0.190
Mr. Chang Chin Sia	5/9/2024	Sale of Shares	300,000	0.190
Mr. Chang Chin Sia	10/9/2024	Sale of Shares	600,000	0.190
Mr. Chang Chin Sia	13/9/2024	Sale of Shares	1,350,000	0.189
Mr. Chang Chin Sia	17/9/2024	Sale of Shares	1,000,000	0.190
Mr. Chang Chin Sia	19/9/2024	Sale of Shares	30,000	0.190
Mr. Chang Chin Sia	20/9/2024	Sale of Shares	1,500,000	0.191
Mr. Chang Chin Sia	24/9/2024	Sale of Shares	400,000	0.189
Mr. Chang Chin Sia	25/9/2024	Sale of Shares	10,000	0.192
Mr. Chang Chin Sia	26/9/2024	Sale of Shares	400,000	0.192
Mr. Chang Chin Sia	27/9/2024	Sale of Shares	1,000,000	0.198
Mr. Chang Chin Sia	4/10/2024	Sale of Shares	100,000	0.200

(ii) save for the purchase of 70,000 Shares by Mr. Ng Yew Sum at HK\$0.155 per Share on 2 July 2024, none of the Directors had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

- (b) During the Offer Period and up to the Latest Practicable Date:
- (i) no subsidiaries of the Company, pension funds (if any) of any member of the Group, any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or any associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding any exempt principal trader or exempt fund manager) had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
 - (ii) save for the Implementation Agreement, the Rollover Agreement, the Share Swap Agreement, the Deed of Indemnity and the Shareholders’ Agreement, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with (A) the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and/or (B) the Offeror or the Offeror Concert Parties. The dealings in any Shares, convertible securities, warrants, options or derivatives in respect of the Shares by the parties to the Rollover Agreement (which are Offeror Concert Parties) during the Relevant Period are disclosed in paragraph 4.3(a)(i) of this Appendix above; and
 - (iii) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had any dealings in any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

4.4. Interest and dealings in the securities of the Offeror

- (a) As at the Latest Practicable Date and save for allotment and issuance of new shares to be issued by the Offeror to the Rollover Shareholders (which includes Mr. Ng, Mr. Chin and Mr. Law) for the transfer of the Rollover Shares to the Offeror pursuant to the Share Swap Agreement after the Effective Date, none of the Company or any of the Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.
- (b) During the Relevant Period, none of the Company or any of the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

4.5. Other interests

As at the Latest Practicable Date:

- (a) no Shares or any convertible securities, warrants, options or derivatives issued by the Company were owned or controlled by a subsidiary of the Company, a pension fund (if any) of any member of the Group, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert”, or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (other than exempt principal traders and exempt fund managers);
- (b) no Shares, convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company; and
- (c) none of the Company, the Directors, the Offeror or any of the Offeror Concert Parties had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4.6. Other arrangements in relation to the Proposal

As at the Latest Practicable Date:

- (a) save for Mr. Ng Seng Leong’s entitlement to the Cancellation Price for each Scheme Share payable under the Scheme and the allotment and issuance of new shares issued by the Offeror to the Rollover Shareholders (which includes Mr. Ng, Mr. Chin and Mr. Law) for the transfer of the Rollover Shares to the Offeror pursuant to the Share Swap Agreement, no benefit (other than statutory compensation) was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Proposal;
- (b) save for the Implementation Agreement, the Rollover Agreement, the Share Swap Agreement, the Deed of Indemnity and the Shareholders’ Agreement, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between any person and (A) the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and/or (B) the Offeror or the Offeror Concert Parties. Save as disclosed in the section headed “5. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document, none of the parties to the Implementation Agreement, the Rollover Agreement, the Share Swap Agreement, the Deed of Indemnity and the Shareholders’ Agreement owned or controlled any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;

- (c) save for the Implementation Agreement, the Rollover Agreement, the Share Swap Agreement, the Deed of Indemnity and the Shareholders' Agreement, there was no material contract which had been entered into by the Offeror in which any Director had a material personal interest;
- (d) save for the Implementation Agreement, the Rollover Agreement, the Share Swap Agreement, the Deed of Indemnity and the Shareholders' Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between any of the Directors and any other person which was conditional on or was dependent upon the outcome of the Proposal or otherwise connected with the Proposal;
- (e) save for the Proposal, the Scheme, the Implementation Agreement, the Rollover Agreement, the Share Swap Agreement, the Deed of Indemnity and the Shareholders' Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or the Offeror Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Proposal;
- (f) save for the Pre-Conditions, the Conditions, the Implementation Agreement, the Rollover Arrangement, the Share Swap Agreement, the Deed of Indemnity and the Shareholders' Agreement, there were no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Condition to the Proposal;
- (g) save for the external debt financing provided to the Offeror by CMBC International Investment (HK) Limited for the Proposal, which is secured by, among others, the charge of shares in the Offeror, there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be acquired in pursuance of the Proposal, and the Offeror had no intention to transfer, charge or pledge any Shares acquired in pursuance of the Proposal to any other person;
- (h) save for the Implementation Agreement, the Rollover Agreement, the Share Swap Agreement, the Deed of Indemnity and the Shareholders' Agreement, there was no arrangement (whether by way of option, indemnity or otherwise), in relation to the Shares or the shares of the Offeror and any of the Offeror Concert Parties between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal;
- (i) save for the voting indications as disclosed in the section headed "15. Scheme Shares, Court Meeting and EGM" in Part VII — Explanatory Memorandum of this Scheme Document, none of the Directors hold any beneficial shareholding in the Shares which would entitle them to vote in favour or against the Scheme at the Court Meeting or the resolutions proposed at the EGM;

- (j) Mr. Ng Seng Leong, being an independent non-executive Director and a Disinterested Shareholder subject to the Scheme, will vote in favour of the Scheme at the Court Meeting;
- (k) neither the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment from any Disinterested Shareholder to vote for or against the Scheme or the Rollover Arrangement;
- (l) save for the Cancellation Price for each Scheme Share payable under the Scheme and save for allotment and issuance of new shares issued by the Offeror for the transfer of the Rollover Shares to the Offeror pursuant to the Share Swap Agreement, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any of the Offeror Concert Parties to the Scheme Shareholders or any person acting in concert with the Scheme Shareholders in connection with the cancellation of the Scheme Shares;
- (m) save for the Implementation Agreement, Rollover Agreement, the Share Swap Agreement, the Deed of Indemnity and the Shareholders' Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any of the Offeror Concert Parties on the one hand, and the Scheme Shareholders and any person acting in concert with the Scheme Shareholders on the other hand; and
- (n) save for the Implementation Agreement, the Rollover Agreement, the Share Swap Agreement, the Deed of Indemnity and the Shareholders' Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on the one hand, and (i) the Offeror and any of the Offeror Concert Parties, or (ii) the Company, its subsidiaries or associated companies on the other hand.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against any member of the Group.

6. MATERIAL CONTRACTS

Save for the Implementation Agreement, none of the members of the Group had entered into any material contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group, within the two years immediately preceding the Announcement Date and up to and including the Latest Practicable Date.

7. SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

Name of Director	Date of service contract	Expiry date	Fixed remuneration payable under the contract	Variable remuneration payable under the contract (if any) (Note 7)
Mr. Ng Yew Sum	2 October 2024 (Note 1)	Initial term of 12 months commencing on 2 October 2024 and ending 1 October 2025	RMB150,000 per annum	N/A
Mr. Chin Sze Kee	2 October 2024 (Note 2)	Initial term of 12 months commencing on 2 October 2024 and ending 1 October 2025	RMB100,000 per annum	N/A
Mr. Law Eng Hock	2 October 2024 (Note 3)	Initial term of 12 months commencing on 2 October 2024 and ending 1 October 2025	RMB100,000 per annum	N/A
Mr. Ng Seng Leong	28 September 2024 (Note 4)	Term of 1 year commencing on 28 September 2024 and ending 27 September 2025	RMB100,000 per annum	N/A
Mr. Martin Giles Manen	28 September 2024 (Note 5)	Term of 1 year commencing on 28 September 2024 and ending 27 September 2025	RMB120,000 per annum	N/A
Mr. Wu Chun Sing	28 September 2024 (Note 6)	Term of 1 year commencing on 28 September 2024 and ending 27 September 2025	RMB100,000 per annum	N/A

Notes:

- (1) Under the previous service contract dated 3 September 2023, Mr. Ng agreed to serve as an executive Director for a term of 13 months commencing from 3 September 2023 to 2 October 2024 with the same remuneration as above.
- (2) Under the previous service contract dated 3 September 2023, Mr. Chin agreed to serve as an executive Director for a term of 13 months commencing from 3 September 2023 to 2 October 2024 with the same remuneration as above.

- (3) Under the previous service contract dated 3 September 2023, Mr. Law agreed to serve as an executive Director for a term of 13 months commencing 3 September 2023 to 2 October 2024 with the same remuneration as above.
- (4) Under the previous service contract dated 28 September 2023, Mr. Ng Seng Leong agreed to serve as an independent non-executive Director for a term of one year commencing 28 September 2023 to 27 September 2024 with the same remuneration as above.
- (5) Under the previous service contract dated 28 September 2023, Mr. Martin Giles Manen agreed to serve as an independent non-executive Director for a term of one year commencing from 28 September 2023 to 27 September 2024 with the same remuneration as above.
- (6) Under the previous service contract dated 28 September 2023, Mr. Wu Chun Sing agreed to serve as an independent non-executive Director for a term of one year commencing from 28 September 2023 to 27 September 2024 with the same remuneration as above.
- (7) The executive Directors may receive discretionary bonus as decided by the Board.

8. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the qualifications of each of the experts who have been named in this Scheme Document or have given their opinion or advice which are contained in this Scheme Document:

Name	Qualification
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
CMBC International Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Quam Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the experts named above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion in this Scheme Document of the text of its letter, report or opinion (as the case may be) and references to its name and/or letter and/or report and/or opinion in the form and context in which they are included.

9. MISCELLANEOUS

- (a) The registered office and correspondence address of the Offeror is at 27/F, Alexandra House, 18 Chater Road, Central, Hong Kong.
- (b) The directors of the Offeror are Mr. Yap Wee Keong and Mr. Chin Kim Fa.
- (c) Mr. Jiang Li ultimately controls the Offeror. The shareholding structure of the Offeror is disclosed in the section headed “11. Information on the Offeror” in Part VII — Explanatory Memorandum of this Scheme Document.
- (d) Altus and CMBC are the joint financial advisers to the Offeror in relation to the Proposal, and each of their registered addresses is at 21 Wing Wo Street, Central, Hong Kong and 45/F One Exchange Square, 8 Connaught Place, Central, Hong Kong, respectively.
- (e) The principal members of the Offeror Concert Parties are:

Name	Director(s)	Registered office/correspondence address
MayAir Technology	Jiang Li Qi Wei Yap Wee Keong Chin Kim Fa Shen Jinming Wang Yao Wang Hao	No. 101, Lanxia Road, Moling Sub-district, Jiangning District, Nanjing City Jiangsu Province, China 211111
Tecable Engineering Sdn. Bhd.	Jiang Li Yap Wee Keong	18-3, Jalan PJU 8/5C, Damansara Perdana, 47820 Petaling Jaya, Selangor, Malaysia
MayAir International Sdn. Bhd.	Jiang Li Yap Wee Keong	18-3, Jalan PJU 8/5C, Damansara Perdana, 47820 Petaling Jaya, Selangor, Malaysia
MayAir Group Limited	Jiang Li	IFC 5, St. Helier, JE1 1ST, Jersey
Poly Glorious Investment Company Limited	Jiang Li	Room 2208, 22/F., Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong
T&U Investment Co. Ltd.	Jiang Li	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Jiang Li	N/A	No. 101, Lanxia Road, Moling Sub-district, Jiangning District, Nanjing City Jiangsu Province, China 211111
Ng Yew Sum	N/A	Lot P.T. 14274, Jalan SU8, Persiaran Tengku Ampuan, 40400 Shah Alam, Selangor Dural Ehsan, Malaysia

Name	Director(s)	Registered office/correspondence address
Law Eng Hock	N/A	Lot P.T. 14274, Jalan SU8, Persiaran Tengku Ampuan, 40400 Shah Alam, Selangor Dural Ehsan, Malaysia
Chin Sze Kee	N/A	Lot P.T. 14274, Jalan SU8, Persiaran Tengku Ampuan, 40400 Shah Alam, Selangor Dural Ehsan, Malaysia
Luah Kok Lam	N/A	Lot P.T. 14274, Jalan SU8, Persiaran Tengku Ampuan, 40400 Shah Alam, Selangor Dural Ehsan, Malaysia

- (f) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (g) The Company's principal place of business in Hong Kong is situated at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.
- (h) The Company's principal place of business in Malaysia is situated at Lot P.T. 14274, Jalan SU8, Persiaran Tengku Ampuan, 40400 Shah Alam, Selangor Dural Ehsan, Malaysia.
- (i) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited, which is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (j) The registered office of the Independent Financial Adviser is situated at 5/F and 24/F (Rooms 2401 and 2412), Wing On Centre, 111 Connaught Road Central, Hong Kong.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the website of the Company at <http://www.channelmicron.com> and the website of SFC at www.sfc.hk from the date when this Scheme Document is published until (a) the Effective Date, and (b) the date on which the Scheme is withdrawn or lapses, whichever is earlier:

- (a) the memorandum and articles of association of the Company;
- (b) the articles of association of the Offeror;
- (c) the annual reports of the Company for the years ended 31 December 2021, 2022 and 2023;
- (d) the interim reports of the Company for the six months ended 30 June 2023 and 2024;
- (e) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;

- (f) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (h) the written consents referred to in the section headed “8. Consents and Qualifications of Experts” in this Appendix II;
- (i) the Implementation Agreement;
- (j) the Rollover Agreement;
- (k) the Share Swap Agreement;
- (l) the Deed of Indemnity;
- (m) the Shareholders’ Agreement;
- (n) the service contracts referred to in the section headed “7. Service Contracts” in this Appendix II; and
- (o) this Scheme Document.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS FINANCIAL SERVICES
DIVISION**

Cause No. FSD 0328 of 2024 (CRJ)

**IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT
(AS REVISED) AND IN THE MATTER OF ORDER 102 OF
THE GRAND COURT RULES 2023 (AS REVISED)
AND IN THE MATTER OF CM HI-TECH CLEANROOM LIMITED
SCHEME OF ARRANGEMENT**

Between

CM HI-TECH CLEANROOM LIMITED

And

**THE SCHEME SHAREHOLDERS
(AS DEFINED BELOW)**

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Altus”	Altus Capital Limited, one of the joint financial advisers to the Offeror in connection with the Proposal. Altus is a licensed corporation under the SFO, licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Announcement”	the joint announcement dated 14 October 2024 jointly issued by the Company and the Offeror in relation to, among other things, the Proposal
“Announcement Date”	14 October 2024, being the date of the Announcement
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Beneficial Owner”	any beneficial owner of the Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors

“Cancellation Price”	the cancellation price of HK\$0.25 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant(s)”	a person admitted for the time being by HKSCC as a participant of CCASS, including an Investor Participant
“CMBC”	CMBC International Capital Limited, one of the joint financial advisers to the Offeror in connection with the Proposal. CMBC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Companies Act”	the Companies Act (As Revised) of the Cayman Islands
“Company”	CM Hi-Tech Cleanroom Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2115)
“Condition(s)”	the condition(s) to the implementation of the Proposal as set out in the section headed “4. Conditions of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document
“Court Hearing”	the hearing of the petition by the Grand Court for the sanction of the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court to be held at 9:15 a.m. Hong Kong time on Thursday, 12 December 2024 at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong for the purpose of considering and, if thought fit, approving the Scheme and any adjournment or postponement thereof
“Director(s)”	the director(s) of the Company
“Disinterested Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties and those who are interested in or involved in the Rollover Arrangement

“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with the Companies Act and the Conditions
“EGM”	an extraordinary general meeting of the Company to be convened and held in accordance with the Company’s memorandum and articles of association at 9:45 a.m. on Thursday, 12 December 2024 (or, if later, immediately after the Court Meeting has been concluded or adjourned) at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong, to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal and the Rollover Arrangement, or any adjournment or postponement thereof
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of the Scheme Document
“Grand Court”	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the Company, which comprises all the independent non-executive Directors, namely, Mr. Ng Seng Leong, Mr. Martin Giles Manen and Mr. Wu Chun Sing, established by the Board to make a recommendation to the Disinterested Shareholders in respect of the Proposal, the Scheme and the Rollover Arrangement
“Independent Financial Adviser” or “Quam”	Quam Capital Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Board with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement
“Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“Last Trading Day”	8 October 2024, being the last trading day prior to the trading halt of the Company at 1:00 p.m. pending the issue of the Announcement
“Latest Practicable Date”	15 November 2024, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 February 2025, or such other date as the Company and the Offeror may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive
“MayAir Group”	MayAir Technology and its subsidiaries
“MayAir Technology”	MayAir Technology (China) Co., Ltd. (美埃(中國)環境科技股份有限公司) (stock code: 688376.sh), the shares of which are listed on the Shanghai Stock Exchange STAR Market since 18 November 2022
“Meeting(s)”	the Court Meeting and the EGM or either of them, as the case may be

“Meeting Record Date”	12 December 2024, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM
“Mr. Chin”	Mr. Chin Sze Kee, an executive Director
“Mr. Law”	Mr. Law Eng Hock, an executive Director
“Mr. Luah”	Mr. Luah Kok Lam, the General Manager (Overseas Operations)
“Mr. Ng”	Mr. Ng Yew Sum, an executive Director
“Offer Period”	the period from the Announcement Date (i.e. 14 October 2024) until the earliest of any of (i) the Effective Date; (ii) the date on which the Scheme lapses; or (iii) the date on which an announcement is made of the withdrawal of the Scheme
“Offeror”	MayAir HK Holdings Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by MayAir Technology
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including the Rollover Shareholders and the Other Founding Shareholders
“Other Founding Shareholders”	Mr. Francis Chia Mong Tet, Mr. Lim Kai Seng, Mr. Chang Chin Sia, Mr. Ng Boon Hock, Ms. Yap Chui Fan, Mr. Loh Wei Loon and Mr. Phang Chee Kin
“Other CCASS Participant(s)”	a person admitted for the time being by HKSCC as a participant of CCASS other than an Investor Participant
“PRC”	the People’s Republic of China, but for the purpose of this Scheme Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Pre-Conditions”	the pre-conditions to the making of the Proposal, as set out under the section headed “3. Pre-conditions to the making of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document

“Pre-Conditions Long Stop Date”	13 December 2024, the date that falls on the 60th day after the Announcement Date
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of listing of the Shares on the Stock Exchange, on the terms and subject to the Conditions set out in this Scheme Document
“Registered Owner”	any owner of Shares (including, without limitation, a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company
“Registrar of Companies”	the Registrar of Companies (including any deputy registrar or associate registrar or similar) appointed under the Companies Act in the Cayman Islands
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Period”	the period commencing on 14 April 2024, being that date that falls six months prior to the Announcement Date, and ending on the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Rollover Agreement”	the rollover agreement entered into between the Offeror and the Rollover Shareholders on 14 October 2024
“Rollover Arrangement”	the arrangements between the Offeror and the Rollover Shareholders comprising (i) the Rollover Agreement; (ii) the Share Swap Agreement; (iii) the Deed of Indemnity; and (iv) the Shareholders’ Agreement
“Rollover Share(s)”	the 442,526,550 existing Shares (representing approximately 31.61% of the issued share capital of the Company as at the Latest Practicable Date) held by the Rollover Shareholders
“Rollover Shareholders”	Mr. Ng, Mr. Law, Mr. Chin and Mr. Luah

“Scheme”	the scheme of arrangement under Section 86 of the Companies Act as set out in Appendix III to this Scheme Document, with or subject to any modification, addition or condition as may be approved or imposed by the Grand Court or agreed between the Company and the Offeror, involving the cancellation of all the Scheme Shares and the maintenance of the share capital of the Company at the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	this composite scheme document of the Company and the Offeror issued to all Shareholders containing, inter alia, further details of the Proposal, a letter from the Board, a letter of advice from the Independent Financial Adviser, the recommendations of the Independent Board Committee, notices to convene the Court Meeting and the EGM together with forms of proxy in relation thereto
“Scheme Record Date”	6 January 2025, being the Effective Date, or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	all of the Shares in issue and any further Shares as may be issued prior to the Scheme Record Date, other than those held by the Rollover Shareholders
“Scheme Shareholder(s)”	registered holder(s) of Scheme Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of a par value of HK\$0.01 each in the share capital of the Company
“Share Option(s)”	the post-IPO share option scheme adopted by Shareholders’ resolutions on 3 September 2020, pursuant to which no options to subscribe for Shares are outstanding as at the Latest Practicable Date
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong

“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“United States” or “US”	The United States of America, its territories and possessions, any State of the United States and the District of Columbia
“%”	per cent.

- (B) The Company was incorporated as an exempted company on 11 June 2019 with limited liability in the Cayman Islands.
- (C) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 ordinary shares of a single class with a par value of HK\$0.01 each. As at the Latest Practicable Date, the issued share capital of the Company is HK\$14,000,000 divided into 1,400,000,000 Shares, with the remainder being unissued. Since 15 October 2020, the issued shares of the Company have been listed and traded on the Main Board of the Stock Exchange.
- (D) The Offeror has proposed the privatisation of the Company by way of the Scheme.
- (E) The primary purpose of the Scheme is to privatise the Company as a result of cancelling and extinguishing all of the Scheme Shares in consideration of the Cancellation Price so that the Company will be held as to 68.39% by the Offeror and 31.61% by the Rollover Shareholders. After the Effective Date, the Rollover Shares will be transferred to the Offeror in exchange for new shares to be issued by the Offeror so that the Company will become wholly owned by the Offeror. Contemporaneously with the cancellation of the Scheme Shares, the share capital of the Company will be maintained at its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company’s books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror.
- (F) As at the Latest Practicable Date, the Offeror does not hold any Shares, and the Rollover Shareholders hold an aggregate of 442,526,550 Shares (representing approximately 31.61% of the issued Shares).
- (G) The Offeror will procure that any Shares in respect of which it is legally or beneficially interested will not be represented or voted at the Court Meeting.
- (H) The Offeror has undertaken to the Grand Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed and done by it for the purpose of giving effect to the Scheme.

PART I
CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES

1. On the Effective Date:
 - (a) the Scheme Shares shall be cancelled and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except the right to receive the Cancellation Price;
 - (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company shall be maintained at its former amount by the issuance to the Offeror, credited as fully paid, an aggregate number of Shares which is equal to the number of Scheme Shares cancelled and extinguished; and
 - (c) the Company shall apply the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full the new Shares issued to the Offeror.

PART II
CONSIDERATION FOR CANCELLATION AND EXTINGUISHMENT
OF THE SCHEME SHARES

2. In consideration of the cancellation of the Scheme Shares, the Offeror shall pay or cause to be paid the Cancellation Price to each Scheme Shareholder.

PART III
GENERAL

3.
 - (a) As soon as possible and but in any event within seven business days (as defined in the Takeovers Code) following the Effective Date, the Offeror shall post or cause to be posted cheques to the Scheme Shareholders in respect of the sums payable to such Scheme Shareholders pursuant to Clause 2 of the Scheme.
 - (b) All such cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as appearing in the register of members of the Company as at the Scheme Record Date, or in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
 - (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of Clause 3(b) of the Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.

- (d) All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, the Joint Financial Advisers, the Independent Financial Adviser, the share registrar of the Company and their respective nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be liable for any loss or delay in despatch of the same.
 - (e) On or after the day being six calendar months after the posting of the cheques pursuant to Clause 3(b) of the Scheme, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee). The Offeror (or its nominee) shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to Clause 2 of the Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that the cheques referred to in the foregoing sentence of which they are payees have not been cashed. Any payments made by the Offeror (or its nominee) shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme. The Offeror (or its nominee) shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror (or its nominee) to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
 - (f) On the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme and the Offeror (and, if applicable, its nominee) shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in Clause 3(e) of the Scheme, including accrued interest subject to any deduction required by law and expenses incurred.
 - (g) Clause 3 shall take effect subject to any prohibition or condition imposed by law.
 - (h) Upon cancellation of the Scheme Shares, the register of members of the Company shall be updated to reflect such cancellation.
4. As from and including the Effective Date:
- (a) all certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such certificates to the Company or to any person appointed by the Company to receive the same for cancellation;
 - (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and

- (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
5. Subject to the Conditions having been fulfilled or waived, as applicable, the Scheme shall become effective as soon as a copy of the sealed order of the Grand Court sanctioning the Scheme under section 86 of the Companies Act is delivered to the Registrar of Companies for registration pursuant to section 86(3) of the Companies Act.
 6. Unless the Scheme shall have become effective on or before the Long Stop Date, the Scheme shall lapse.
 7. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to the Scheme or to any condition which the Grand Court may see fit to approve or impose.
 8. All costs, charges and expenses shall be borne and paid in the manner described in the Scheme Document.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

Cause No. FSD 0328 of 2024 (CRJ)

IN THE MATTER OF SECTIONS 15 AND 86 OF

**THE COMPANIES ACT (AS REVISED) AND IN THE MATTER OF
ORDER 102 OF THE GRAND COURT RULES 2023 (AS REVISED)**

**AND IN THE MATTER OF CM HI-TECH CLEANROOM LIMITED
捷芯隆高科潔淨系統有限公司**

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “**Order**”) dated 13 November 2024 (Cayman Islands time) made in the above matter, Grand Court of the Cayman Islands (the “**Grand Court**”) has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme mentioned below) to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) a scheme of arrangement (the “**Scheme**”) proposed to be made between CM Hi-Tech Cleanroom Limited (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at 9:15 a.m. on Thursday, 12 December 2024 (Hong Kong time) at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of the Explanatory Memorandum (as defined in the Scheme) explaining the effect of the Scheme are incorporated in the composite scheme document of which this notice forms part (the “**Scheme Document**”), which has been despatched to the Scheme Shareholders. A copy of the Scheme Document can be obtained by the Scheme Shareholders from the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, as their proxy to attend and vote in their stead. A **PINK** form of proxy for use at the Court Meeting is enclosed with the Scheme Document. The completion and return of the **PINK** form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting, or any adjournment or postponement thereof, if he/she so wishes and in such event, the **PINK** form of proxy previously submitted will be revoked by operation of law.

In the case of joint registered holders of a Scheme Share (as defined in the Scheme), any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. However, if more than one of such joint holders is present at the Court Meeting personally or by proxy the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding. In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

The **PINK** form of proxy for use at the Court Meeting, together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof, must be lodged at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible, but in any event no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment or postponement thereof. Alternatively, the **PINK** form of proxy may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).

By the Order, the Court has appointed Mr. Wu Chun Sing, an independent non-executive Director, or failing him, any other of the Company's independent non-executive Director, or failing him, any other person authorized by the Board, to act as chairman of the Court Meeting and has directed the chairman of the Court Meeting (or a person duly authorised by the chairman of the Court Meeting) to report the results of the Court Meeting to the Court.

The Scheme is subject to the subsequent sanction of the Grand Court as set out in the Explanatory Memorandum contained in the Scheme Document.

Dated: 19 November 2024

By order of the Grand Court
CM Hi-Tech Cleanroom Limited

Registered office:
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

Notes:

1. Voting at the Court Meeting will be taken by poll.
2. For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Monday, 9 December 2024 to Thursday, 12 December 2024 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, before 4:30 p.m. on Friday, 6 December 2024. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting.
3. If a tropical cyclone warning signal No. 8 or above or "extreme conditions" caused by typhoons is hoisted or a black rainstorm warning signal is in force at any time after 8:00 a.m. (Hong Kong time) on the date of the Court Meeting, the Court Meeting will be adjourned or postponed in accordance with the second amended and restated articles of association of the Company. The Company will post an announcement on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at www.channelmicron.com to notify the Shareholders of the date, time and venue of the rescheduled Court Meeting.

CM Hi-Tech Cleanroom Limited
捷芯隆高科潔淨系統有限公司

(Incorporated in the Cayman Islands with members' limited liability)
(Stock Code: 2115)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of CM Hi-Tech Cleanroom Limited (the “Company”) will be held at Unit 1501–1502, 15/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong on Thursday, 12 December 2024 at 9:45 a.m. (Hong Kong time) (or, if later, as soon as practicable after the conclusion or the adjournment of the Court Meeting (as defined in the Scheme Document (as defined below))) for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

1. “**THAT**, (i) for the purpose of giving effect to the scheme of arrangement between the Company and the Scheme Shareholders (as defined in the Scheme Document) (the “**Scheme**”) as set out in the composite scheme document dated 19 November 2024 (the “**Scheme Document**”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting (as defined in the Scheme Document), on the Effective Date (as defined in the Scheme Document), any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme Document), and (ii) contemporaneously with (i) above, the maintenance of the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares (as defined in the Scheme Document) as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror (as defined in the Scheme Document), be and is hereby approved.”

ORDINARY RESOLUTION

2. “**THAT**:
 - (a) the Rollover Arrangement (as defined in the Scheme Document), which constitutes a special deal under Rule 25 of the Takeovers Code (as defined in the Scheme Document), be and are hereby approved; and
 - (b) the directors of the Company be and are hereby authorised to do all acts and things and/or execute all such documents as considered by them to be necessary for or desirable in connection with the implementation of the Proposal (as defined in the Scheme Document) and the Scheme, including (without limitation) (i) the making of an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange, subject to the Scheme taking effect; (ii) any reduction of the issued share capital of the

Company; (iii) the allotment and issue of the Shares to the Offeror referred to above; and (iv) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme or the reduction of capital, which the Grand Court of the Cayman Islands may see fit to impose and to do all other acts and things and/or execute all such other documents considered by them to be necessary for or desirable in connection with the implementation of the Scheme.”

By order of the Board
CM Hi-Tech Cleanroom Limited
Ng Yew Sum
Chairman and Executive Director

Hong Kong, 19 November 2024

Registered office:
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
5/F, Manulife Place
348 Kwun Tong Road, Kowloon
Hong Kong

Notes:

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.
2. Any Shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxy to attend and on a poll, vote instead of him. A proxy need not be a Shareholder. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every Shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the **WHITE** form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the EGM (i.e. not later than 9:45 a.m. on Tuesday, 10 December 2024) or the adjourned or postponed meeting (as the case may be). Completion and return of the form of proxy shall not preclude a Shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. If two or more persons are jointly registered as holders of a share, the vote of the senior person who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority shall be determined by the order in which the names of the joint holders stand on the Company's register of members in respect of the relevant shares.
5. For the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 9 December 2024 to Thursday, 12 December 2024 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 6 December 2024.

6. All resolutions put to vote at the EGM will be decided by way of poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) as required by the Listing Rules, the Takeovers Code and the articles of association of the Company.
7. References to time and dates in this notice are to Hong Kong time and dates.
8. If a tropical cyclone warning signal No. 8 or above or “extreme conditions” caused by typhoons is hoisted or a black rainstorm warning signal is in force at any time after 8:00 a.m. (Hong Kong time) on the date of the EGM, the EGM will be adjourned or postponed in accordance with the second amended and restated articles of association of the Company. The Company will post an announcement on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at www.channelmicron.com to notify the Shareholders of the date, time and venue of the rescheduled EGM.